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MARKETING & MEDIA DECISIONS

CABLE HITS CRITICAL MASS

Cable's highly charged performance in 1987 may lead to an even bigger bang in 1988.

DDB Needham's Wes Dubin (left) and Bart McHugh project 1988's highest dollar increase among top-ten cable agencies.

********** 5-DIGIT 20814
0711 001161861 41 93 000000 B104
GREG CHRIS B001
CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #800
BETHSEDA MD 20814

MARKETING & MEDIA
DECISIONS

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HOME'S

Shelter magazines are about decorating and renovating, entertaining in and even paying for a home. Lately, the magazines have borrowed a page from their own edit wells. They have been remodeled and redecorated to hopefully entertain a big new crowd of readers. Publishers, meanwhile, are busy looking for new ways to pay for it all.

Shelter-book publishers hope social trends and new formats will lead a wide array of new advertisers into their editions.

by Amy Alson

That means new advertisers from new categories, and the sellers have good reason to hope. America's latest trendy lifestyle is centered around the hearth. Call it nesting, cocooning or the couch-potato craze, it is once again respectable to eat in, relax in front of the VCR and visit a friend at home. The first-time B.M.W. buyers of 1985 are purchasing baby strollers and bigger homes. Suburbia is popular again, and home is the "in" place to be.

As a result, the line between home and lifestyle publications is blurring. Many non-home magazines are increasing home-related editorial to cover topics such as decorating and gardening. Fashion-conscious *Vogue*, toney *Town & Country* and regional lifestyle books such as *New York* and *Chicago* magazines are devoting more space and special issues to home design and home-centered activities.

While the home-centered lifestyle has set new competitors chasing after limited home-furnishing ad dollars, it also has opened doors for the shelter books. Increasingly, the home books are able to snare lifestyle-oriented advertisers that would never have thought of using a "shelter" book. Car advertisers, cosmetic and fashion sellers are all jockeying for the coveted upfront positions in home-oriented books. In fact, B.M.W. of North America Inc. competes handily with home-furnishings advertisers for franchised second covers in shelter magazines: Twenty-five percent of its positions in all magazines are in that spot. Mike Lotito, vice president and associate media director of Ammirati & Puris Inc., B.M.W.'s ad agency, says shelter publishers like having B.M.W. upfront — "It looks great and opens up the floodgates for more car advertisers."

B.M.W. was among the first atypical advertisers in shelter magazines when it bought pages in *Architectural Digest* in late 1986, Lotito says. When he advised his client to use *Architectural Digest*, Lotito says he viewed it as an upscale lifestyle magazine that happens to be home-oriented. B.M.W. now also advertises in *HG* and *Metropolitan Home*.

Naturally, B.M.W. is looking for

MODEL BY LIZ DEUTSCH

PAGE BY PAGE
January - December 1987

Publication	1987 Pages	1986 Pages	% Change
Architectural Digest	1589.41	1557.55	2.0
Better Homes & Gardens	1437.48	1347.36	6.5
Colonial Homes (B)	383.85	392.65	-2.2
Country Home (B)	351.39	296.50	18.5
Country Living	1066.31	884.58	20.5
Home	621.80	592.49	4.9
House & Garden (HG)	1157.59	1156.52	0.1
House Beautiful	867.76	856.62	1.3
Metropolitan Home	806.65	683.11	18.1
1001 Home Ideas	609.33	543.67	12.1

Source: Publishers Information Bureau. (B) = bimonthly.
House & Garden became HG with the March issue.

NEW WINGS

the upscale books, and those titles are the leaders in that sophisticated segment. But a variety of other popular books cover a skein of bases. *Better Homes and Gardens* leads the industry in terms of ad revenues and pages, because it bridges the home and women's-service categories and reaches an audience four times the size of its closest competitor. On the other hand, books such as *House Beautiful* and *1,001 Home Ideas* have carved out a niche in providing practical, affordable, home-service edit for the masses. One vein that has produced gold for many publishers is the public's fancy for all things country. Most prominent of these are Hearst Corp.'s pioneering *Country Living* and Meredith Corp.'s bimonthly *Country Home*. Hearst also offers the bimonthly *Colonial Homes*. And for those who are into construction or remodeling, there's Knapp's *Home* magazine.

Even with just the 10 magazines mentioned above, the field is full. Yet SRDS lists 118 other titles in the home and home-service category. Among these are more focused regional magazines as well as highly specialized titles with limited frequency, such as *Better Homes and Gardens*'s semi-annual *Kitchen and Bath Ideas*.

Despite so many shelter-type books, "there are limited dollars in home-furnishings advertising," says John Osborn, vice president, associate media director at BBDO, the agency for Armstrong World Industries Inc. Steve Levinson, publisher of *1,001 Home Ideas*, says about eight to 10 manufacturers represent the entire home-furnishings ad category, for example.

BAR/LNA reports that marketers of furniture, floor-coverings, windows and doors, lighting fixtures and household appliances together spent $70.9 million in PIB magazines last year, up

from $56.8 million in 1986. Magazines garnered 29% of the group's total ad spending in 1986; totals for all media in 1987 were not available at press time.

This is why shelter publishers are widening their targets to bring in some new ad support. But the editorial changes these books have made to accommodate the broader market apparently have confused some advertisers.

This came into focus with the latest, most dramatic revamp. Condé Nast's *HG*, the new incarnation of *House & Garden*, debuted in March as a shelter book that seeks to cover all aspects of home and style. The debut issue, for example, includes such diverse articles as "Romance," "Little Black Chairs, Little Black Dresses" and "Dennis Hopper's New Wave." While the new design and widened breadth of coverage have created a sense of excitement for the magazine, it has also raised some questions.

Lotito of Ammirati had the impression that *House & Garden* has undergone more redos than it actually has, which he termed "disruptive." Surprised to learn that, prior to this change, the last time *House & Garden* was reformatted was back in 1983, Lotito nonetheless makes his point: Many other media planners must be under the same misimpression.

Still, *HG*'s efforts to break from the pack are understandable. Last year, *Home* surveyed advertisers about their perception of all the shelter books. "What came across was a real clear understanding of the demographics of the magazines," says *Home* publisher Michael Stanke. Most boast circulation in the high six figures or more, their readerships' median ages range in the low 40s and more than 80% of their subscribers own a home.

Few ad dollars and many titles force publishers afield, says BBDO's Osborn.

But the *Home* survey also revealed that advertisers viewed the shelter books' editorial as "all basically the same, and limited," Stanke says. The monthlies are, in fact, distinctly different products, and they have evolved dramatically in the last five years.

For example, Knapp Communications Corp.'s *Architectural Digest* has carved out a stance as the ultimate wish book; photographing stars and society personages' homes in all their luxe details has paid off handsomely. Last year, it registered ad sales of $33.9 million for 1,589 ad pages.

Clearly, not all of the ads it carries are home related. Publisher Thomas P. Losee says, "Without question we go beyond shelter, but home furnishing is our [advertising] base." He points out, "Due to the people we attract [*Architectural Digest* claims more readers with incomes exceeding $90,000 than any of its competitors], we carry advertising from virtually every classification" of advertising.

In recognition of that fact, Condé Nast first overhauled its *House & Garden* in 1983 "from a broad-based service magazine to the very upscale end of the market, focusing on decorating, design and architecture," says J. Kevin Madden, publisher of the magazine. Madden says the recent redesign came about because its upmarket positioning was too limiting. "We felt that we were not reaching our potential," he says, and adds that the broadening of the book's range to appeal to more baby boomers has been well received by advertisers. The May book, he reports, closed at 138 pages versus 130 the year before.

H&G's new direction has sparked plenty of comment in the field. One competing

BUILDING EQUITY

Five years of ad revenues

Publication	1987 $(000)	% of Change	1986 $(000)	% of Change	1985 $(000)	% of Change	1984 $(000)	% of Change	1983 $(000)
Architectural Digest	33,630	+11.35	30,381	+ 5.73	28,634	+ 3.13	27,765	+12.61	24,655
Better Homes & Gardens	141,049	+ 9.82	128,550	+ 5.28	122,108	– 2.17	124,815	+16.24	107,381
Colonial Homes (B)	6,855	+ 0.45	6,824	+ 5.88	6,445	+ 1.25	6,366	+ 1.25	5,240
Country Home (B)	7,490	+31.48	3,419	+84.31	1,855	+207.63	603	– –	N.A.
Country Living	31,427	+23.80	25,385	+20.24	21,111	+35.48	15,582	+71.41	9,248
Home	13,432	+18.87	11,300	+19.68	9,442	+49.98	5,288	+13.74	4,649
House & Garden (HG)	23,382	+ 5.03	22,263	+ 7.83	20,647	+10.89	18,619	+44.60	12,876
House Beautiful	24,823*	N.C.	22,583	– 6.57	24,170	– 7.37	26,093	+20.14	21,719
Metropolitan Home	21,337	+46.01	14,615	+ 5.61	13,838	– 1.90	13,860	+26.33	10,971
1001 Home Ideas	12,694	+30.21	9,749	– 9.10	10,725	+20.52	8,899	+41.23	6,301

Reprinted courtesy of Media Industry Newsletter, *except (*), which is Publishers Information Bureau. (B) = bimonthly.* House & Garden *became* HG *with the March issue.*

publisher says, "Clearly, *HG* took a position to be a lifestyle, not shelter, magazine. It's beautiful, but it's like a blind date — you don't know what to expect."

Madden responds, "We're not making this a general-interest magazine. We're setting a new standard for magazines about home, decoration, design, style . . . The term 'shelter magazine' is almost an anachronism."

Adds *1,001 Home Ideas*' Levinson: "The only time people in this business make editorial changes is in an attempt to attract advertisers. Growth at *House & Garden* and *Metropolitan Home* came after their revamps and represents advertisers outside the traditional bounds" of shelter-advertising competitors.

Meredith's *Metropolitan Home* has, indeed, been grabbing the attention of broad-based advertisers, including B.M.W., Ann Taylor and Baccarat, as well as such staples as Baker furniture. The magazine has been following its readers up the income ladder since its early days as *Apartment Life*. It adopted its current name in 1981 and is perceived as a glossy, hip book that translates the latest decorating trends for a young, urban audience. In September of 1986, the book went to a bigger size and heavier stock paper. Since these developments, *Metropolitan Home* has grown more than 18% in ad pages.

Publisher Stephen R. Burzon insists, "*Met Home* is a service magazine," but wants it known that, among its points of difference, it is "written with a sense of humor." Other shelter books aimed at the rich, he says, "are either deadly serious or bitchy chic."

But *Metropolitan Home*'s big-sister publication hardly fits that description. Meredith's *Better Homes and Gardens* appeals to far more middle-class sensibilities. "We call it a home and family-service magazine," explains publisher Del Rusher, ticking off the areas the magazine covers: food, appliances, building, decorating, travel, health care and money management. "We're not going to attract the fashion end of the business," he admits, but "we're not going to change the magazine to attract that. It would throw off the reader. Advertisers value the stability of *Better Homes*."

And how. *BH&G* leads the field in ad revenue. With 1987 ad sales of $142.2 million on 1,434 pages, it ranks seventh in revenues among all PIB publications; the next ranked shelter book is *Architectural Digest*, which comes in at PIB's 43rd position. *BH&G*'s circulation of 8 million versus *Architectural Digest*'s 632,235 accounts for the difference (*AD*'s four-color page is $28,490; *BH&G*'s is $103,480).

If *BH&G* is the category's ad leader, Hearst's *House Beautiful*, at 92 years old, is the grande dame. Publisher Marcia Miller claims that although it may be the oldest, it is among the first to identify design trends. For example, she says, "Our May issue is all about Scandinavian furniture, which we think is going to be a major trend."

The goal of the book, says Miller, is to reach "a young person who is trying to establish her taste level *and* the mature woman, 35-plus, who knows pretty much what she wants."

Like the rest of the category, *House Beautiful* has changed its look. Since Miller arrived in 1986, she says, "We upsized in February '86, and we reformatted and changed [paper] stock in 1987," adding more four-color and more articles by well-known designers. She hopes these changes attract home-furnishing retailers along with the manufacturers. "Magazines should reinvent themselves every few years," Miller says, noting that *HB* "did lose ad pages [in 1984 and 1985] because we weren't changing and other books were sprucing up."

1,001 Home Ideas unabashedly pursues the middle-class reader. This Family Media Inc. book aims to appeal to "emerging families," describes Levinson. "*HG* and *House Beautiful* almost get empty nesters," he argues. *1,001*'s readers buy resales and spend to fix them up. "In terms of mid-scale, it's us and *Country Living*," he adds. Both magazines have circulations of at least 1.5 million readers.

Hearst's *Country Living* is credited with opening up the most lucrative offshoots of the shelter category. The 10-year-old book concentrates on country-style decor and traditional lifestyles, but publisher Richard J. Sarno makes sure it is known that "50% of our editorial is on home furnishings." Happy where he is, Sarno says, "Everybody wants to broaden the advertising base, but you don't want to stray too far from what you are. I think that's a problem in the industry."

Sarno can afford to talk like that: *Country Living* has had the greatest circulation growth of any magazine in the country for five years in a row, and the ad-rate base jumps another 150,000 in

PAID READERS AND RATES

Title	Average Circulation	One-Time, Four-Color Page Rate
Better Homes & Gardens	8,093,630	$103,480
Country Living	1,636,215	35,675
1,001 Home Ideas	1,508,869	27,660
Home	889,929	26,500
Country Home	839,207	31,200
House Beautiful	829,913	31,255
Metropolitan Home	717,052	29,215
Architectural Digest	632,235	28,490
Colonial Home	600,502	23,430
House & Garden (HG)	572,544	24,910

Sources: Standard Rate & Data Service; circulation figures are six-month averages, January 1 - June 30, 1987, as reported by Audit Bureau of Circulations.

July, to nearly 1.9 million.

Meanwhile, *Home*, which commissioned the study that revealed how little advertisers understood about shelter books' edit, focuses on remodeling and building topics, as opposed to decorating. "We're trying to take the uncertainty out of an uncomfortable process," says publisher Stanke.

Yet *Home* also bids for upscale, nontraditional advertisers. "Our readers are creating the environment they want, and they can afford it," believes Stanke. "But they don't live in a vacuum. We're broadening our advertising horizon and going to people like automotive advertisers." So far, *Home* has landed pages from Volvo, Lincoln Continental and American Express.

With all the titles and goings-on, how do planners decide which books get their business? Most say they base their decisions primarily on statistics. "I will look at circulation and demographics, then the book," says Ray Juracek, advertising director at Rolscreen Corp., maker of Pella brand windows, screens and doors.

Jaye Frusciante, media planning supervisor at Ally & Gargano Inc., says syndicated research on consumers of floor coverings at a certain price level got *Home* on the media schedule for the agency's client, Karastan carpets, an upscale brand from Fieldcrest Cannon Inc. Magazines already on Karastan's list include *Architectural Digest*, *House Beautiful*, *HG*, *Metropolitan Home* and *Colonial Homes*. *HG* and *Architectural Digest* are "image books" and make the list for their upscale demographics, Frusciante explains. But "*House Beautiful* is not real high-end. It's on the schedule because it's a hands-on book for women with a mindset of making a change in their homes."

Juracek of Pella warns the upscale trend "could have a bad effect" on traditional shelter advertisers. "Not everyone can sell Cadillacs," he points out. Pella's target market has a median annual household income of $40,000, Juracek adds.

Joann Davis, manager of media services at Armstrong, the giant mass-market home-furnishings supplier, agrees. "Rep after rep comes in talking about how high the median-income level of their circulation is," tells Davis. "I'm not so sure that's a good thing. Obviously, there are still a lot of people earning $25,000 a year, and they buy a lot of our products."

Yet Davis says Armstrong advertises even its moderately priced Thomasville furniture in top-of-the-market *Architectural Digest*. "People [in the market for Armstrong products] may not be long-term subscribers, but they buy from the newsstand or take a subscription for a year when they start to remodel," she reasons. Yet she fears that such dependency on shelter magazines weakens traditional advertisers in negotiating positions and price as publishers seek out others.

Armstrong's Davis feels the market for her products begins with the solidly midscale.

Indeed, *Met Home*'s March issue led off with a veritable parade of fashion advertisers; Saks Fifth Avenue, Ann Taylor and Joan Vass USA all appeared in the first 10 pages. Much noise has been made about the fact that cosmetics ads in *HG* appear at least as prominently as typical shelter ads do. Lancôme, Clinique and Estée Lauder run in the first 11 pages, along with upscale furniture brands like Henredon and Baker.

In fact, Cosmair Inc. has advertised its Lancôme brand in Condé Nast's *House & Garden* since March 1983. It occupies the franchised second-cover page in the March premiere of *HG*. Joan Lasker, spokeswoman for Lancôme, says the only other shelter book the company uses is *Metropolitan Home*.

BBDO's John Osborn, who handles the Armstrong account, can understand why more fashion-related advertisers are flocking to the shelter books. "As a media decision maker, considering the cluttered environments [of fashion magazines], if I could, I'd break into a new environment too."

If fashion advertisers can stand out in shelter books, there are furnishings advertisers who find fashion books do the same for them. With less than $1 million to spend, Roche-Bobois (R-B), a high ticket, high design furniture manufacturer, puts all its spending in four consumer magazines: *Metropolitan Home*, *Architectural Digest*, *HG* and *Elle*. Yes, *Elle*. Patrick Lago, R-B vice president, explains, "Once we had covered the most important shelter magazines, our aim was to be in a fashion magazine because what we do has a lot to do with fashion."

Karastan also strays from the generic shelter books, but not as far as to *Elle*. Frusciante of Ally & Gargano says she added regional *Sunset* to Karastan's list last year when the schedule was "underdelivering the West." And she added Condé Nast's *Gourmet* this year and last, though not as a core book. The only shelter magazine added to Karastan's core list in a couple of years is Hearst's *Colonial Homes* for one product, the Williamsburg collection.

Karastan's careful tiptoeing beyond its standard list seems typical of the regular shelter advertisers as they evaluate the recent changes in the field. Osborn of BBDO, says, "When we evaluate magazines, it's hard to judge how subtle or even major changes will affect the books. I first look back on their track record," to see how successful past changes have been, he tells. "As long as [the new change] makes sense and has a clear direction and purpose, I'd say the advertisers should stay with it."

Meanwhile, his client, Davis of Armstrong, adds, "It is going to take a while for them to see a change in the people who read their magazines. That's what I'll be watching over time [at the new *HG*]. If they're good for us in January, they're good for us in March." ■

COVER STORY

CHARGING UP

The super-energized cable medium is ready to make its run as a mainstream buy.

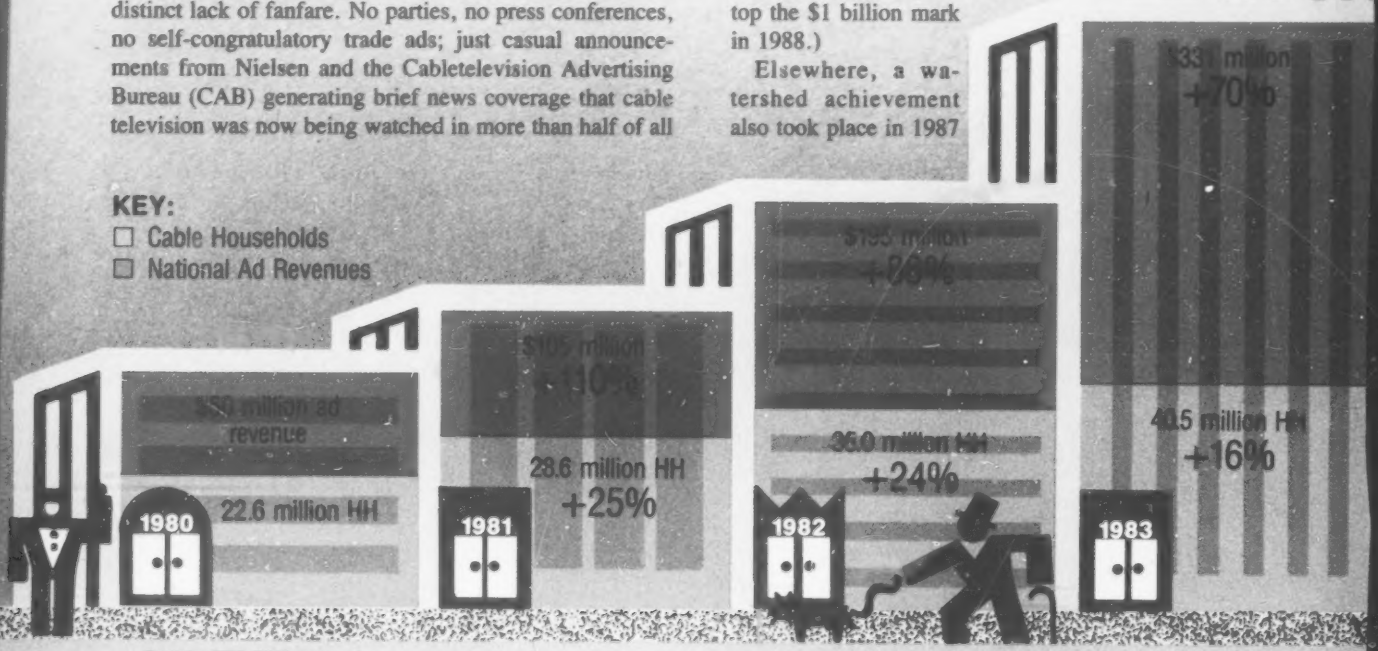
by Joe Mandese

Something remarkable happened in 1987. Cable tv, a medium not known for its lack of self-promotion, passed its most significant milestone to date with hardly a peep. Except for a few understated press releases, the cable folk — usually eager to exploit even the slightest statistic of industry growth — passed cable's 50% household-penetration barrier with a distinct lack of fanfare. No parties, no press conferences, no self-congratulatory trade ads; just casual announcements from Nielsen and the Cabletelevision Advertising Bureau (CAB) generating brief news coverage that cable television was now being watched in more than half of all American homes.

The low-key treatment of the 50% penetration event could be the most telling sign of the cable industry's maturation as a national advertising medium. Or it could be that the cable people were simply too busy passing other equally remarkable milestones to take notice.

For instance, in 1987, cable finally topped the $1 billion ad-revenue mark, reaching $1.15 billion in combined national and local sales. (National ad revenues are expected to top the $1 billion mark in 1988.)

Elsewhere, a watershed achievement also took place in 1987

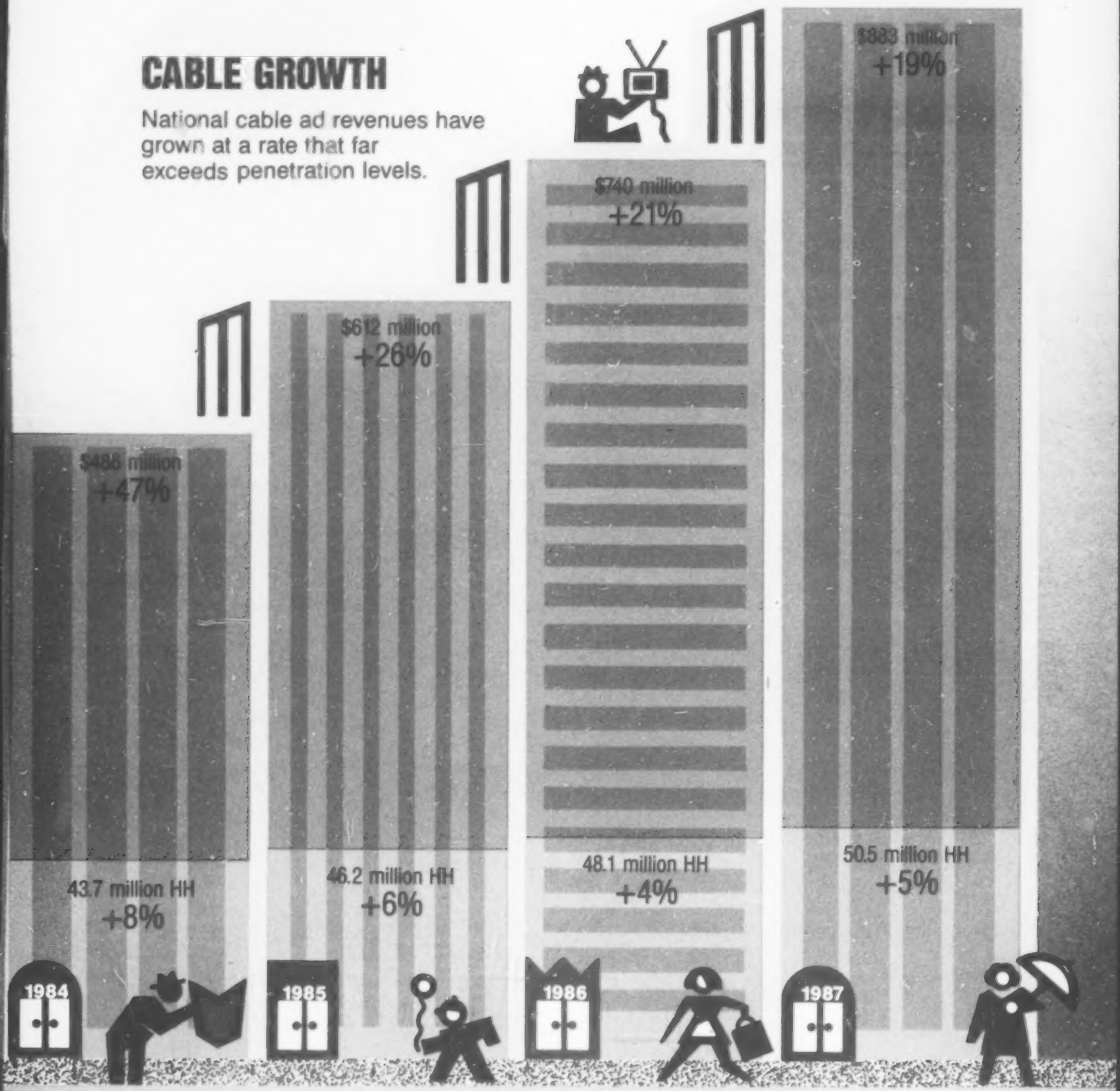


Cable TV Milestones

- Black Entertainment Television, Cable News Network and USA Network join CBN Cable, ESPN, Nickelodeon and SuperStation TBS as ad-supported networks.
- Financial News Network (FNN) and MTV debut; SuperStation TBS qualifies for Nielsen ratings.
- Cable Health Network, Daytime, CNN Headline News and The Weather Channel debut.
- The Nashville Network debuts; CNN buys and shuts down Satellite News Channel.

CABLE GROWTH

National cable ad revenues have grown at a rate that far exceeds penetration levels.



- Arts & Entertainment debuts; Cable Health Network and Daytime are merged into Lifetime; TBS gets exclusive NBA cable contract.
- The Discovery Channel, FNN/Score, Home Shopping Network, Nick at Nite and VH-1 debut.
- TBS broadcasts the Goodwill Games and celebrates its 10th anniversary.
- TWA launches The Travel Channel; Movietime debuts; ESPN gets exclusive NFL Sunday night coverage.

Source: Cable Advertising Bureau; Paul Kagan Associates

ILLUSTRATION BY DAVE FLAHERTY

ADAM CHINITZ

AT&T's Ritter says cable's biggest problem is that it still is hard to plan.

when a basic cable network proved that it could compete with the broadcast networks in a major sports-rights bidding war. Not only did ESPN's landmark deal for exclusive Sunday-night coverage of the NFL pay off in terms of wider viewership and ad revenues; it proved cable's viability as a medium to be reckoned with. Suddenly, cable networks are bidding — and finding their prices accepted — by makers of network-quality programs. As a result, cable has inked deals for fresh, off-network series, including *Cagney & Lacey*, *Miami Vice* and *Murder, She Wrote*, that normally would have found their way to the broadcast-syndication marketplace.

Critical Mass

For many, the 50% penetration mark is a symbol that, more than the others, cannot be ignored: By reaching more than half of U.S. tv homes, cable has finally achieved a critical mass as a national advertising medium. "It can no longer be looked at as a vehicle that is not national," explains Kathryn Hayes, director of advertising services at Warner-Lambert. "Now that they have gone beyond 50% penetration, we view it as a national vehicle."

A few other key points have also had a hand in shining cable's image. "I don't think anyone expected that when it got past 50% the bells and whistles would go off and we would move all our money into cable," says David Lerner, vice president/network supervisor of FCB/Leber Katz. "But combined with the erosion of ratings and the increasing costs involved in other alternatives, people are looking more seriously at cable from a programming standpoint."

While a few maintain that cable's glass is still half empty, the holdouts appear to be dwindling. In 1987, only three of the top 100 network-tv advertisers were lacking cable in their mix. Others, meanwhile, see advantages to a glass that's half full.

"Cable has its pluses and minuses," relates Bob Igiel, senior vice president/executive media director at N W Ayer. "It doesn't get into every home, but it sure gets into some very desirable ones," he says, alluding to the upscale demographics and more refined targetability of cable households.

Others say the debate over cable's "national-ness" is a matter of semantics. Although cable is only in 50% of U.S. tv homes, it is available nationally in every U.S. market. "You could make the analogy about how magazines are in every DMA or every county. However, if you look at the average rating or percent coverage that a national magazine gets, it's pretty small," says Don McAllister, manager of media for Gillette, noting that the low household-penetration levels for national magazines do not diminish their value to national advertisers.

Some even see cable's national coverage as an advantage over other supposedly national media. "Cable is delivered in every single DMA in the country, as opposed to some syndicated shows that may have a 70% clearance, yet they are missing 30% of the U.S.," explains RJR Nabisco Broadcast president Peter Chrisanthopoulos. "In cable, you are not missing an entire area."

Fair Share

But if cable has achieved critical mass as a national advertising medium, sellers of the medium wonder why it hasn't achieved a "fair share" of national ad revenues. According to the CAB, cable has a 25% share of national-tv viewing (network and cable tv's combined 24-hour shares) but in 1987 received only 8.5% of the $10.4 billion that advertisers spent on national-tv buys (network, cable and national-syndication dollars).

However, Larry Cole, senior vice president/head of media of Ogilvy & Mather, maintains that there is no direct corollary between a medium's share of exposure and its share of ad budgets. "It isn't written anywhere that your share of advertising dollars should be proportionate to anything," he emphasizes. "A medium's share of reading, viewing, or whatever does not necessarily dictate its share of advertising dollars."

Indeed, cable tv currently is sold at 25-40% cost efficiencies over network tv, and most buyers say that is one of the main reasons they have been increasing the shares of their budgets going to cable. While the national average may be only 8.5% of national-tv budgets, many major tv advertisers spend substantially more, including Anheuser-Busch (12.3%), Clorox (17.2%), General Mills (13.9%), Gillette (26.5%), Mars (11.4%) and Wrigley (12.9%). Thompson Medical, the largest percentage user of cable, spends more than half its total broadcast budget in the medium (51.3%).

Cable has steadily outpaced all the other tv media in its rate of growth, although on a much smaller base than most. Moreover, cable's year-to-year ad-revenue increases have grown at a much faster rate than its increases in

household penetration (see opening chart), which would suggest that it is catching up in terms of share of national ad budgets.

Strategic vs. Tactical Use

While much of the exodus of ad dollars from network to cable tv is intended to tactically compensate for network underdelivery, advertisers increasingly are employing cable as a strategic part of their mix. In addition to picking up lost network-viewing shares, advertisers are discovering more efficient ways of reaching key targets with cable.

"Cable has to be right for a particular brand," explains Warner-Lambert's Hayes. "We know for certain brands that users of the product do not subscribe to cable. They are downscale, they're older and they don't watch cable tv. So there is no reason why we should be diverting dollars to that medium. But there are other products of which we know cable subscribers are heavy users."

By using syndicated market-research data from sources such as Simmons and MRI, advertisers are looking beyond the household and demographic data of cable ratings. They are learning that for some brands, the cable-homes index is substantially higher than those of non-cable, making cable a more attractive medium.

Gillette used that logic over the last couple of years to substantially increase their cable-tv budget. "We've been trying actively to narrow our traditional 18-to-49-year-old-type targets and identify key user groups, and cable's diversity of programing would seem to satisfy some of those needs," explains Gillette's McAllister, adding, "You can target in on certain types of audience with something like MTV, with very little waste attached."

As a result, Gillette has realized huge cost savings while more effectively targeting its target groups. Gillette's increased cable dollars have come at the expense of network prime- and daytime television, although the company remains a big player in network sports programing.

ADAM CHINITZ

O&M's Cole says a good agency will plan cable regardless of the complexities.

Others see another equally important strategic use of cable. American Telephone & Telegraph (AT&T), for instance, uses cable to support its "Special Needs Center" campaign, which promotes AT&T products that benefit the disabled and other people with special needs. One such spot featuring the deaf actress Marlee Maitlin discusses how AT&T equipment can help people with hearing impairments. When the commercials, which include an 800 telephone-inquiry number, aired on the Arts & Entertainment network, AT&T corporate broadcast manager Douglas Ritter says the company could barely handle the volume of calls that come in response. "The beauty of these commercials is that they are not 30 seconds long," says Ritter. "These are 120-second spots that we were able to place because they are on cable."

Programing Loop

Although cable has long been the stepchild of the tv business when it comes to program development and acquisition, the economic tides have begun to turn as cable-tv systems start to increase the share of revenues they contribute to cable-network program-

TOP PERCENTAGE USERS
JANUARY - DECEMBER 1987

COMPANY	Combined Broadcast/Cable Network Dollars	Cable Only	Cable's Percentage of Combined
Thompson Medical	$ 16,313	$ 8,374	51.3%
Canandaigua Wine	15,733	4,581	29.1
Gillette	29,891	7,909	26.5
Clorox	40,123	6,894	17.2
MCA	18,455	2,824	15.3
General Mills	133,724	18,581	13.9
Quaker State	12,324	1,712	13.9
Wrigley	51,672	6,680	12.9
Anheuser-Busch	186,947	22,943	12.3
Mars	130,271	14,877	11.4

Source: Broadcast Advertisers Reports, based on six measured cable networks.

ing budgets. Although broadcast networks have essentially one revenue source — advertising — to put into programing, cable networks have always had two: advertising and subscriber revenues.

And while the cable networks' $1 billion in ad revenues pales in comparison to the broadcast networks' $9 billion, the cable nets also get a share of the $13 billion that cable subscribers pay systems operators for cable service. "The subscriber is now in effect paying for part of the cable-programing pie," explains CAB president Bob Alter, noting that because of an additional $600 million to $700 million in subscriber fees, the ad-supported cable networks will spend nearly $1 billion on programing in 1988. "That's what is enabling cable to compete and get the NFL as well as first-run, off-network programing and also to do a lot of made-for-cable programing today," says Alter.

Because the revenues contributed by subscriber support of cable systems is expected to increase, the likelihood that programing will continue to improve is good. And the better the programing, the more subscribers there will be to the systems. Furthermore, in addition to more system revenues, more subscribers mean more viewers. And more viewers mean higher ratings. And higher ratings mean more advertising revenues — which, in part, will go back into the program-acquisition loop.

It is just this loop that is attracting advertiser attention. "We don't really buy network or cable," says BBDO senior vice president/director of national-television buying Steve Grubbs. "As an agency, we buy programing," he differentiates, adding, "I'd have to say that it is going to be another good year for cable, because they have secured a number of first-run, quality shows and they are competing with syndication for some of the off-network shows. I think syndication is going to get squeezed, and that, of course, will be much to the benefit of cable."

The new wave of cable programing is firmly pulling cable out of the fractional-ratings department and putting it into competitive single-digit ratings that compete with most syndication shows and some of the network shows.

ESPN's average 10.6 rating for the eight regular season NFL games it aired may be the double-digit exception, but it is not uncommon to find regular cable programing nudging into the middle single-digit ratings.

In fact, USA Network is projecting an average 4 rating when it begins airing the off-network run of *Murder, She Wrote*, and USA's off-network run of *Miami Vice* is expected to do equally as well. While this is a far cry from the average ratings they are pulling now on their broadcast networks — about 20 and 14, respectively — it is not too far off from low-rated network shows or some strong syndication shows. For instance, CBS's *West 57th* has averaged only about a 7.7 rating. Meanwhile, solid syndicated shows such as number 10-rated *Entertainment Tonight* deliver numbers in the 7 ratings range.

TOP TEN CABLE ADVERTISERS

ADVERTISER	1987	1986	Percentage Change
Procter & Gamble	$23,713,272	$29,761,666	−20.3%
Anheuser-Busch	22,943,379	19,486,695	+17.7
Philip Morris	20,581,730	22,186,266	−7.2
General Mills	18,580,934	15,537,623	+19.6
Time Inc.	16,411,682	16,036,530	+2.3
Mars Inc.	14,876,662	17,667,993	−15.8
RJR Nabisco	14,688,479	10,455,250	+40.5
Coca-Cola	9,796,911	6,130,084	+59.8
Thompson Medical	8,373,684	1,819,248	+360.2
General Motors	7,967,826	7,203,621	+10.6

Source: Broadcast Advertisers Reports 6 Cable Networks

Trade Offs

While cable's future appears bright, its present is not without drawbacks. Despite gains in programing and ratings clout, cable still is logistically difficult to plan and buy, and many agencies still are reluctant to recommend bigger budget slices to the medium.

"The biggest problem cable has is that it is far easier to create a media plan using network and spot television than it is to add cable into the mix," bemoans AT&T's Ritter. "It's extremely labor and time intensive for a planner to make it work."

Or, as another major cable advertiser explains it, "It's a lot easier for agencies to go to three networks and spend $300,000 for three commercials than to spend $300,000 and buy 375 commercials."

Indeed, there are currently 31 basic cable services and making a buy that covers the cable universe is a planning nightmare since each purchase requires separate negotiations, ratings projections, tracking and invoicing. Moreover, cable networks have yet to standardize their ratings reports, which makes it difficult for agencies to do post-buy analyses.

However, O&M's Cole says the difficulties in buying cable are no longer an excuse for not doing so. "A good agency will plan and buy a good media opportunity regardless of the complexities of it," he sternly states.

Meanwhile, the cable industry has

taken steps to make the process less of an effort for agencies. Recently, the CAB began supplying agencies with a computerized planning system that enables planners to tie a client's buying parameters in with syndicated research data to come up with an effective cable plan.

The CAB also is working with cable networks to standardize cable buying practices, such as post-buy analyses. While all this should help, others are going a step further by pooling the cable pieces together to make an efficient one-stop cable buy. For example, Infomarketing, Parsippany, N.J., which is a cable-marketing specialist service, put together a project called CableOne not long ago (a buying system that enables cable advertisers to purchase any combination of cable networks with a one-invoice, single-guaranteed rating).

CableOne has had only limited success to date and is expected to generate only about $18 million in 1988 cable revenues. However, others are attempting to broaden cable's reach even further by mixing it with other media in their schedules.

Recently, Procter & Gamble made a $10 million commitment to advertise on an "unwired network," consisting of SuperStation TBS and the Tribune tv stations. TBS reportedly is seeking out other similar unwired-network ventures. Meanwhile, International Advertising Sales, a barter-syndication firm representing companies such as Coca-Cola, Orbis and Paramount, has been approached by three unidentified cable networks to sell their inventory in complementary combinations with syndicated shows.

Whether such hybrid selling strategies will make a difference for cable networks remains to be seen. But clearly cable has reached a new threshold that goes beyond 50% penetration of U.S. tv homes.

"The threshold is not an audience threshold," says N W Ayer's Igiel, "it's a mental one. People are looking at cable and saying, 'This is viable. It can help me sell products and services, and I can use it as part of may standard approach to reach people through television.' " ■

THE WINNING CIRCLE

Hot shows lead to higher ratings. Good ratings lead to more ad dollars. Upped ad dollars fund better programing. And so goes cable's growth cycle.

by Rich Zahradnik

When Tom Burchill boarded a plane for the NATPE conference in February, he seemed just one of several high-ranking cable executives heading down to the programing show. But the Lifetime executive's trip to Houston was different from last year's. His goal was to talk to producers about programing deals that would bring their shows to his network before they aired on local stations. And he wasn't alone. Several other cable-net execs went to NATPE with the same idea of stepping between the producers and their traditional tv-station customers.

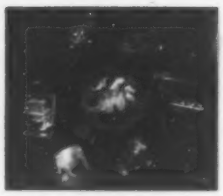
"In the past, we were going down just to see what was around or to be granted an audience where we might have the opportunity to bid on some old reruns," explains Burchill, president and chief executive officer of Lifetime. "Those are times past. We are now going down to talk about programing that may be created for us. We're a very welcome new customer."

No wonder. Burchill's network spent "an arm and a leg" to buy first-run syndication rights to *Cagney & Lacey*, and USA Network and CBN Cable have done similar deals for shows like *Murder, She Wrote* and *Remington Steele*. Capitalizing on the soft market among stations for hour-long shows and flush with new subscriber and ad dollars, the cable networks have been buying what for basic cable are very attractive programs, playing havoc with the distribution windows for the shows in the process.

Those same networks may still be a long way from competing in the white-hot market for off-network sitcoms. Their $400,000-per-episode price tag does not seem within cable's budget at this point — but neither did NFL football a couple of years ago.

NFL on ESPN and the off-network purchases suggest what cable networks can expect from their higher-visibility programing efforts: the creation of ratings success stories that sell more time and, hence, produce more money that can further enhance network programming. And so the cycle goes, creating as a byproduct a robust energy for the cable medium.

Cable's newfound ability to attract high-visibility programing can be traced to growing advertising and subscriber revenues (two factors cable has some control over) and soft demand for



CABLE AD SCORECARD

A GUIDE TO THE TOP 20 AGENCIES IN CABLE, BY BILLINGS

1 YOUNG & RUBICAM

Paul Isaacson, Executive vice president, broadcast programing and purchasing

Clients using national cable:
Adidas
AT&T
Canada Dry
Chiquita Banana
CIBA-Geigy
Clorox
Colgate-Palmolive
Dannon
Disney
Dr. Pepper
Du Pont
First Brands
General Foods
Heublein
Jamaica Tourist Bureau
Jenn-Air
Johnson & Johnson
Kentucky Fried Chicken
Kodak
Lincoln-Mercury Division
Met Life
NYNEX
Olympic Stain/Paint
Pillsbury
Richardson-Vicks
Suzuki
TWA
UNISYS
U.S. Army
U.S. Postal Service
Warner Lambert

Networks used: A&E, BET, CBN, CNN, CNNHN, C Span, Discovery, ESPN, FNN, Lifetime, MTV, Nickelodeon, TBS, TNN, TWC, SIN, USA

1987 billings: $43.2 million
Projected 1988: $44.6 million

2 FOOTE, CONE & BELDING COMMUNICATIONS

Jim Cunningham, Vice president, associate national broadcast director

Clients using national cable:
Alaska
Amana
CALRAB
Campbell
Carnation
Celestial Seasonings
CIBA Geigy
Clorox
Colgate
Coors
Dental Center at Sears
Dial Corporation
Frito-Lay
H.I.S. Jeans
Kraft
Levi's
Long John Silver's
Mazda
Orion
Pearle Vision
Ray-O-Vac
S.C. Johnson
Sunkist
Teledyne Water Pik
Zenith

Networks used: A&E, BET, CBN, CNN, Discovery, ESPN, FNN, Lifetime, MTV, Nickelodeon, Silent Network, TBS, TNN, TWC, USA, VH-1

1987 billings: $34.0 million
Projected 1988: $39.0 million

3 DDB NEEDHAM

New York:
Bart McHugh, Senior vice president, director of national radio/tv programing

Chicago:
Wes Dubin, Senior vice president, broadcast director of network tv and radio

Clients using national cable:
Amtrak
Audi
Chanel
Columbian Coffee
First Nationwide Network
Frigidaire
Frito-Lay, Inc.
General Mills
GTE
H.J. Heinz
Hershey Chocolate Co.
Maybelline
Michelin
Mobil
National Dairy Board
Ramada Inn
Rubbermaid
Seagram Wines
State Farm Insurance
The Nashville Network
Universal
Volkswagon

Networks used: A&E, BET, CBN, CNN, CNNHN, Discovery, ESPN, FNN, FNN Score, Lifetime, MTV, Nickelodeon, Nick at Nite, TBS, TNN, TWC, Tempo, USA, VH-1, WGN

1987 billings: $31.5 million
Projected 1988: $41.0 million

KEY TO ABBREVIATIONS

A&E: Arts & Entertainment.
BET: Black Entertainment Television.
CBN: CBN Cable Network.
CNN: Cable News Network.
CNNHN: Cable News Network Headline News Service.
DISCOVERY: The Discovery Channel. Science, nature, documentaries.
ESPN: Entertainment and Sports Programing Network.
FNN: Financial News Network. Consists of FNN, Score and Telshop.
LIFETIME: Women's service/health and fitness from Hearst/ABC/Viacom Entertainment services.
MSG: Madison Square Garden Sports.
MTV: Music Television
NICKELODEON: All children's. Nick at Nite: family fare.
SIN: National Spanish Television Network.
TBS: Atlanta Superstation.
TEMPO: Satellite Programing Network. Talk shows, movies, how-to's.
TNN: The Nashville Network.
TWC: The Weather Channel.
USA: USA Network.
VH-1: Video Hits One.
WGN: Chicago Superstation.
WOR: New York Superstation.

4 SAATCHI & SAATCHI DFS, INC.

Beverly O'Malley, Senior vice president, director of electronic media

Clients using national cable:
American Cyanamid
California Almond Growers
CPC
Department of Citrus
General Mills, Inc.
Guild Wineries
Helene Curtis
HBO Video
Johnson & Johnson
Kikkoman
L'eggs
Life Savers Incorporated
Nabisco
Northwest Airlines
New York Life
PaineWebber
Procter & Gamble
Squibb
Toyota
Wrangler

Networks used: A&E, BET, CBN, CNN, CNNHN, Discovery, ESPN, FNN, Lifetime, MTV, Nickelodeon, Nick at Nite, SIN, TBS, TNN, USA

1987 billings: $31.1 million
Projected 1988: $34.4 million

5 GREY ADVERTISING

Alec Gerster, Executive vice president of media and programing

Clients using national cable:
B. F. Goodrich
Block Drug
Borden
Canon USA
Capital Cities/ABC
Color Tile
General Foods
JRAP
Kenner
Mitsubishi
National Dairy Board
Olin
Playtex
Procter & Gamble
Quaker State
Red Lobster
Remington
Stroh Brewery
Union Underwear
Warner Bros.
Warner Bros. Video

Networks used: A&E, BET, CBN, CNN, Discovery, ESPN, FNN, Lifetime, MTV, Nickelodeon, SIN, Sports Channel, TBS, TNN, USA

1987 billings: $26.4 million
Projected 1988: $28.0 million

6 BBDO

Stephen Grubbs, Senior vice president, director of national tv buying

Clients using national cable:
Apple Computers
Campbell
Centel Corp.
Coldwell Banker
Delta
Dodge
Du Pont
Equitable
General Electric
HBO
Lever Bros.
Menley & James
Navy
Pepsi
Pizza Hut
Polaroid
Visa
Wm. Wrigley Jr. Co.

Networks used: A&E, BET, CBN, CNN, ESPN, FNN, Lifetime, MTV, Nick at Nite, TBS, TNN, TWC, USA, VH-1

1987 billings: $26 million
Projected 1988: $30 million

7 J. WALTER THOMPSON

Richard Kostyra, Executive vice president, U.S. director of media services

Clients using national cable:
Ameritech
Benetton
Eastman Kodak
Fisher Price
Ford
Gerber
Goodyear Tire & Rubber Co.
McDonnell Douglas
Monroe Auto.
Nestle Co.
Orkin
Oscar Mayer
Quaker Oats Co.
Scott
20th Century Fox Film Corp.
United States Marine Corp.
U.S. Sprint Communications
Walker Manufacturing

Networks used: ABI, A&E, BET, CBN, CNN, CN1, CN2, CLV, ESPN, FNN, LIF, MTV, NHR, SIN, TBS, TNN, TWC, USA

1987 billings: $24 million
Projected 1988: $30.0 million

OUR READERS TELL US. . .

Of those media department professionals who report they'll up their cable spending this year, 37.3% will do so by more than 10% and 11.9% will top 20%. (Base = 101, unless otherwise noted.)

1. How long have you been using cable in your mix?

More than 3 years	85.4%
2 to 3 years	16.8%
1 to 2 years	8.9%
Within last year	8.9%
Never	2.0%

2. What percentage of your media budget goes to cable?

None	2.0%
1 to 4%	49.5%
5 to 9%	25.6%
10 to 15%	8.9%
More than 15%	2.0%
No answer	2.0%

3. What changes, if any, do you plan to make in your cable spending levels within the next 12 months?

Increase spending	58.4%
Decrease spending	—
Maintain present level	40.6%
No answer	1.0%

If an increase or decrease, what will be the percentage change?

Less than 5% increase	33.9%
5 to 9% increase	28.8%
10 to 20% increase	25.4%
More than 20% increase	11.9%
Base: 59	

4. Where do the dollar increases in your cable budget come from? (Multiple answers allowed.)

Network tv	54.5%
Spot tv	32.7%
Syndication	12.9%
Radio	5.9%
Print	9.9%
Promotion	2.0%
Increased media budget	19.8%
Other	5.0%

5. What is the main reason you use cable? (Multiple answers allowed.)

To compensate for network broadcast underdelivery	36.6%
To get better efficiencies	47.5%
To use as a hedge against broadcast tv increases	16.8%
To reach target audience	27.7%
Other	23.8%

6. Are you willing to pay a premium for better cable programing?

Yes	43.6%
No	52.4%
No answer	4.0%

7. At what penetration level does cable meet your national buying guidelines?

Current (51.1%)	68.3%
60%	6.9%
70%	5.0%
More than 70%	9.9%
No answer	9.9%

8. When do you believe the major pay cable networks will accept ads?

Never	13.9%
Within next year	2.0%
1 to 2 years	26.7%
2 to 3 years	32.7%
More than 3 years	18.8%
No answer	5.9%

8 D'ARCY MASIUS BENTON & BOWLES

Irwin Gotlieb,
Senior vice president, national broadcast and programing director

Clients using national cable:
Conagra
Corning
Dow Chemical
FTD

General Foods
General Motors
Island Pictures
Makita
Mars
Norelco
Procter & Gamble
Taft-Barrish
UDIA
Warner Home Video
Whirlpool

Networks used: A&E, CBN, CNN, CNNHN, ESPN, Lifetime, MTV, Nick at Nite, TBS, TWC, Univision, USA, VH-1

1987 billings: $22 million
Projected 1988: $24 million

9 OGILVY & MATHER

Lawrence Cole,
Senior vice president, head of New York media

Clients using national cable:
American Express
AT&T
Bosch
Campbell Soup
CBS Entertainment
Columbia Pictures
Committee on Energy Awareness
Cotton
Duracell
General Foods
Hallmark
Kimberly Clark
Mattel

Owens Corning
Publishers Clearing House
Ryder
Schering
Seagrams Wine Cooler
Sears
Shell
Smith Barney
United Technologies
Waste Management
Western Publishing

Networks used: A&E, BET, CBN, CNN, CNNHN, ESPN, FNN, Lifetime, MTV, Nick at Nite, TBS, TNN, TWC, USA

1987 billings: $21 million
Projected 1988: $25 million

10 McCANN-ERICKSON

Ira Carlin,
Executive vice president national media director

Clients using national cable:
AT&T
Black & Decker
California Milk Board
Century 21

Coca-Cola
Exxon
Fuji
General Motors
Mennen
National Dairy Board
Nintendo
Texas Instruments
Wells Fargo Bank

Networks used: A&E, CBN, CNN, Discovery, ESPN, FNN, Lifetime, MTV, Nickelodeon, TBS, TNN, USA, VH-1

1987 billings: $16.2 million
Projected 1988: $19.0 million

11 LEO BURNETT

Willard Hadlock,
Senior vice president, director of media services

Clients using national cable:
Allstate
Black & Decker
First Brands
Heinz
Hewlett Packard
Kellogg
Kraft

M&M/Mars
McDonald's
Mrs. Smith Pies
Oldsmobile
Pillsbury
Procter & Gamble
RCA
Richardson-Vicks
Seven-Up USA
Starkist
United Airlines

Networks used: A&E, CBN, CNN, CNNHN, ESPN, FNN, Lifetime, MTV, Nickelodeon, TBS, TNN, TWC, USA, VH-1

1987 billings: $15.0 million
Projected 1988: $15-18 million

12 BACKER SPIELVOGEL BATES, INC.

Stephen Leff,
Vice chairman, director of media & administrative services

Clients using national cable:
Carter Wallace
CBS

Kal Kan
Magnavox
M&M/Mars
Miller Brewing Company
The Prudential
Prudential Bache
Quaker Oats
Uncle Ben's
Wendy's
Xerox

Networks used: A&E, CBN, CNN, ESPN, FNN, Lifetime, MTV, Nickelodeon, TBS, TNN, TWC, USA

1987 billings: $14.0 million
Projected 1988: $15.5 million

13 BOZELL, JACOBS, KENYON & ECKHARDT

Ted Paszkiewicz,
Vice president, associate director of network operations

Clients using national cable:
ACE Hardware
American Airlines
J.I. Case
Chrysler Import Cars
Cushman & Wakefield

Faberge
Holiday Inn
Kawasaki
Lawn Boy
Lorimar Motion Pictures
Merrill Lynch
Realty World
Revlon
Valvoline Oil
Vice-Grip Tools
Weiders Health & Fitness
Wolverine

Networks used: A&E, CBN, CNN, Discovery, ESPN, FNN, Lifetime, MTV, TBS, TNN, TWC, USA, VH-1

1987 billings: $13.5 million
Projected 1988: $15.0 million

14 N W AYER

Robert E. Igiel,
Senior vice president, executive media director, national broadcast

Clients using national cable:
AT&T
Avon

Burger King
C.B. Fleet
Dunlap
DuPont
J.C. Penney
Kitchenaid
Procter & Gamble
Sterling Drug Co.

Networks used: A&E, BET, CBN, CNN, C-SPAN, ESPN, FNN, Lifetime, MTV, TBS, TNN, TWC, USA

1987 billings: $12.0 million
Projected 1988: $23.0 million

15 LAURENCE, CHARLES, FREE & LAWSON

Ann Kohl,
Vice president, director of national broadcast

Clients using national cable:
Gorton's
Selson Blue
Thompson Medical

Networks used: A&E, BET, CBN, CNN, Discovery, Lifetime, TBS, TNN, TWC, USA

1987 billings: $12 million
Projected 1988: $15 million

16 WELLS, RICH, GREENE

Bob Geis,
Senior vice president, corporate media director

Clients using national cable:
MCI
MGM/UA
Miles
Procter & Gamble
RVI

Networks used: A&E, BET, CBN, CNN, ESPN, FNN, HTS, MTV, TBS, TNN, USA, VH-1

1987 billings: $12 million
Projected 1988: $7 million

17 LINTAS: USA

Suzanne Shawn,
Vice president, network/new technologies

Clients using national cable:
AC Delco
Chevrolet

GMAC
Heinekin
Howard Johnson's
Lego
Mastercard
Noxell
Rockwell

Networks used: A&E, CBN, CNN, CNNHN, ESPN, FNN, MTV, Nickelodeon, TBS, TDC, TNN, TWC, USA

1987 billings: $10.5 million
Projected 1988: $12 million

18 WILLIAM ESTY COMPANY

Thomas Winner,
Executive vice president, media director

Clients using national cable:
Minolta
Noxell
Tambrands
Texaco
The Travelers

Networks used: A&E, CNN, Discovery, ESPN, MSG, MTV, TBS, TNN, VH-1

1987 billings: $9.2 million
Projected 1988: $10.1 million

19 WUNDERMAN WORLDWIDE

Polly Langbort,
Executive vice president, director of media services

Clients using national cable:
Fortune Magazine
Money Magazine
Sports Illustrated
TIME Magazine
TIME-LIFE Books

Networks used: A&E, BET, CNN, CNNHN, Discovery, ESPN, FNN, Lifetime, MTV, Nickelodeon, Nick at Nite, TBS, Tempo, TWC, USA, VH-1

1987 billings: $6.7 million
Projected 1988: $8 million

20 WARWICK ADVERTISING, INC.

John J. Meskil,
Executive vice president, media director

Clients using national cable:
Benjamin Moore & Co.
CPC International
Crafted with Pride in USA Council
Schering-Plough Corp.
Sterling Drug Co.
Union Underwear Co. Inc.

Networks used: CNN, ESPN, FNN, LIF, MTV, TBS, USA

1987 billings: $5 million
Projected 1988: $10 million

the magazines we evaluate. That way, we have the best understanding of the role the books can play in our media plans. ■

TELEVISION

Stephen K. Lonning

Media director,
Barker, Campbell & Farley,
Virginia Beach, Va.

THE FIFTEEN-SECOND COMMERCIAL: A VIABLE OPTION

Everyone in advertising is aware of the scenario: Agency executives, armed with marketing surveys and strategies, stand ready to fight for their client's share of the viewer's attention, with the formerly passive viewer confronting the television in a state of rebellion, zapping commercials and switching on his video recorder.

The worst thing we can do is panic, running up advertising budgets with extravagant commercials that are mini-movies or concentrating too heavily on threadbare, fifteen-second spots. Having spent almost all of my advertising career in media, I know the value of tying strategies to hard facts before spending large amounts of hard cash.

With the fifteen-second commercial becoming a permanent fixture in advertising strategies, what are its special limitations? And have the major drawbacks to fifteens been overcome? Are fifteens a viable tool to offset today's viewer options by lowering the economic investment of advertisers?

A number of communication studies have been performed on fifteens. There is also earlier research on ten-second commercials. Together, these studies indicate that fifteens are about three quarters as effective as the thirty-second spot.

At first it seemed that at about one half the cost of thirty-second spots, fifteens would be an attractive media option. But networks were reluctant to chop up their available time into fifteen-second segments. However, as demand for fifteens has increased, the networks have become more accommodating.

Starting in September 1986, all three networks began accepting fifteen-second spots across their full schedules (except children's time), although only one thirty-second position was made available in each commercial pod. This meant that either one split thirty or two stand-alone fifteens could air in each commercial pod (a split thirty is a thirty-second unit carrying two commercials that advertise two distinct products or services from the same company). Under these rules, 27% of total network inventory was available for fifteens. Fourth quarter '87 guidelines for network usage allowed about that same percentage.

Initially, availability exceeded demand. Now, the increased usage of fifteens is pressing up against the networks' limits on fifteens. All one needs to do is count the current number of fifteens that air on any given prime-time evening to see how demand has grown.

This trend is confirmed by a December 1986 J. Walter Thompson study that predicted 1990 will find 50% of our commercial units made up of fifteens.

In the spot marketplace, there is a somewhat different situation. Stations are still resisting the use of fifteens by charging a premium and limiting availabilities. In some markets, a fifteen may cost almost the same as a thirty, and even if fifteens are available, they are subject to pre-emption by thirty-second spots.

Local stations think they're preserving their thirty-second business by resisting fifteen-second spots. In reality,

Effectiveness of :15s

Research	Measure	Year	Commercial length	Score (index versus 30s)

Source: Barker Campbell & Farley

The increased usage of fifteens is pressing up against the networks' limits on fifteens.

they are just encouraging advertisers to explore other media options.

The major concern with fifteens, repeated since their inception, is that they increase clutter and hence reduce the effectiveness of the television medium.

Another J. Walter Thompson study has indicated that viewers react negatively to the clutter of fifteen-second commercials. The study employed varying mixes of fifteens and thirties in pods of different lengths. Viewers believed they saw more advertising and reacted more negatively to it. The study also indicated that adding more fifteens in a pod decreased their average effectiveness while increasing the effectiveness of thirty-second spots in the same pod.

Webb & Ray indicate that as clutter increases, recall and attention to commercials decreases. They also discovered that their respondents were only able to recall four commercials, regardless of the number they viewed.

Most advertisers would agree that we have a responsibility to limit the potential negatives. How to do so is the question. Some would argue for elaborate production values (mini-movies) to keep the zapper tuned in.

The creative challenge is to impart the client's message in an artistic and pleasing manner to the viewer. Fifteen-second spots should not be compressed thirties, and they should not be asked to do more work than their format is designed for. Among promotional advertisements, the most logical for conversion to fifteens are those whose purpose is to "sell the sale," since this is a fairly single-minded message. Complex messages should not even be attempted in fifteen seconds.

If we use fifteen-second commercials creatively and within their limitations, we can be assured of a hard-working asset. In these shaky economic times, the attractiveness of shorter commercials becomes a very important factor in deciding approaches to advertising campaigns.

In the end, it will be up to all of us in the advertising business to combine economy and efficiency with good taste. National advertisers can lead the way and hope that local spots will follow. And maybe the overall result will turn out to be an improvement that leaves the television landscape cleaner and with greater intrinsic value.

As a media director, I want all possible options open when investing a client's money. The fifteen-second commercial is a viable option. ■

RADIO

Don Cole

Senior vice president, media director, W. B. Doner and Company, Baltimore

Local personalities do have a local following and a proven track record for moving product.

PERSONALITY RADIO HOW HIGH THE PREMIUM?

For an agency of our size, we do a disproportionate amount of spot radio. As a result, our negotiators spend a lot of time with local station personnel and hear an incredibly wide range of arguments for station selection.

Perhaps the most widespread story comes from stations that have very weak audience delivery. They invariably come in with a long harangue about how involved their listeners are with the station and how their station personalities are closely tied in with the local community.

Very often, some of them are making a good point. In a fragmented market such as radio, a buy solely based on numbers is not simply lazy; it is irresponsible. Local personalities do have a local following and a proven track record for moving product.

Our problem occurs when the station involved wants an outrageous premium for spots in a personality's time period that is not a proven winner. It is not unusual for a weak station with something less than a chance of being on a buy submit a cost-per-point at twice the market multiple. They invariably claim that their morning man is worth it, because a commercial in his program translates into big sales.

Well, we take a somewhat different view. If this fellow has a history that we can quantify of making the cash register ring, then he is worth a premium in the 20-25% range. Our goal has never been good cost efficiencies; it is to sell product.

But all too often the station in question cannot give us any verifiable benchmark or even client references to their personality's special magic with his modest audience. In such cases, we explain our stance that as a marginal player your cost efficiency needs to be 20-25% under the going rate for the stronger stations, which will be the backbone of the buy.

At that point, my phone begins to ring off the hook. I am told what narrow-minded negotiators I have on board.

Narrow-minded — no. Protective of our client's interest — yes. ■

BRAND REPORT

No. 151: Toothpastes and Mouthwashes

ORAL FIXATIONS

by Carol Hall

Open wide, this won't hurt a bit. Like a patient anticipating a trouble-free check-up at the dentist, makers of toothpastes and mouthwashes are smiling at the sweet prospects for their products. Even though the scenarios are different — the $625 million mouthwash category is growing by leaps and gurgles, while the $1.2 billion toothpaste segment is more mature — marketers in both businesses are grinning from ear to ear.

The categories are "witnessing a lot of activity, and marketers

JULIA CRUZ-McLAIN

TOOTHPASTE & MOUTHWASH MEDIA EXPENDITURES
JANUARY - SEPTEMBER 1987 (000)

Brand	Media Total	Network Television	Spot Television	Cable TV Networks	Spot Radio*	Magazines	Sunday Magazines	Outdoor	Network Radio
Toothpaste									
Crest	28,264.1	10,442.9	7,751.0	673.6	274.7	3,051.1	70.8	–	–
Colgate	24,023.8	19,622.6	3,827.1	130.8	372.3	71.0	–	–	–
Aqua Fresh	12,236.4	11,268.5	897.0	70.9	–	–	–	–	–
Aim	8,990.5	6,913.8	29.2	117.8	–	1,929.7	–	–	–
Close Up	8,051.2	5,571.2	567.9	266.9	–	1,511.5	–	–	–
Mouthwash									
Listerine	11,892.9	8,401.0	1,834.0	34.4	344.2	76.9	–	–	1,002.4
Scope	14,068.3	10,423.9	2,277.2	302.4	285.6	699.1	–	80.1	–
Listermint	7,496.5	3,299.1	1,328.4	47.5	–	–	–	–	2,823.5
Signal	3,340.0	3,208.5	38.7	92.8	–	–	–	–	–
Act	3,175.1	3,129.9	43.4	1.8	–	–	–	–	–

*Sources: Leading National Advertisers; *Radio Expenditure Reports. Media Records doesn't report quarterly newspaper expenditures.*

are spending lots behind the brands," says Joseph Kosloff, an analyst at Drexel Burnham Lambert. "Why? Because the advent of new claims is making them grow, and because the demographics ain't bad, with the country's most populated segments getting older," he says.

Toothpaste is used by nearly 95% of adults — about 160 million people — in the U.S., according to Packaged Facts, a research firm. Statistics show women outbrush men slightly and that over 25% of all users brush their teeth three or more times a day. Growth in the category is slight, averaging 2% to 4%, but is not likely to diminish while consumers are paying more attention to oral health.

In contrast, 62% of adults use mouthwash (also called "rinse") daily, according to Packaged Facts. New anti-tartar and plaque-fighting mouthwashes are having a dramatic effect on the market, pushing growth to the 5-7% range, says Bonita Austin, a Wertheim Schroder & Co. analyst. "Tartar-control mouthwash may actually extend the market," she notes, "because it may convince people to use mouthwash."

New product developments are taking their cue, in large part, from the country's demographic shift toward an older population. And as studies prove older people are more concerned about oral health, they'll most likely be very suseptible to new-and-improved claims.

It's important to keep in mind that an "older population" doesn't just refer to senior citizens. While they are certainly drawing the attention (in terms of product development and advertising dollars) of marketers, baby boomers continue to spawn a host of marketing trends — why should the oral-hygiene market be left out of the sweep? Now that they are adults, this health-conscious crowd has stopped comparing cavity counts and begun to worry about the more "adult" peridontal, or gum, diseases that plaque and tartar buildup can cause.

Health statistics show that 95% of people get gingivitis — gum disease that accumulations of plaque and tartar can lead to — at some point in their lives. That's ugly news, but it's information marketers have been able to use

The aging baby-boomer offers a strong target for health-oriented pitches.

to spur these categories.

The toothpaste market managed an impressive growth spurt with the introduction of the tartar/plaque-fighting lines in 1984. "Market growth was actually boosted by tartar-control pastes, by about 5.5% in some markets — which is absolutely absurd!" hoots Drexel Burnham Lambert analyst Hercules Segalas. That happened, he says, due to promotions and because, at first, consumers were buying several tubes at a time.

Keep in mind, all this is happening despite the fact that the American Dental Association requires brands that receive its seal of approval to state on their packages that anti-tartar toothpastes have "not been shown to have a therapeutic effect on peridontal diseases." The association maintains the benefits are purely cosmetic and don't necessarily promote oral health.

Kids' products show good growth prospects in the field.

Though the sudden growth of the paste business has settled down, consumers' now-hyper awareness of gum disease promises to yield healthy dentifrice growth for some years. All top-five brands have at least one type (gel or paste) and flavor ("regular," mint, etc.) in their repertoire. According to *Supermarket News*, sales of these "preventative" varieties have grown from 18% of supermarket toothpaste purchases in 1985 to 35% in 1987.

Other types of line extensions have kept the normally slow-growth paste category vital. In 1984, Minnetonka's Check-Up brand introduced the pump dispenser to America. By 1985, it was responsible for over 20% of all toothpaste sales, with the tube still accounting for 75%. Most other brands were quick to follow suit. While pumps continue to be popular, the initial meteoric growth of their sales has slowed considerably to about 2% a year (*Supermarket News*).

Dentifrice marketers have also managed to keep the consumer interested in what's *in* the dispenser by offering a choice between gels and pastes. Gels now account for 35% of the market's sales, pastes 63%, according to Packaged Facts.

One species of line extension to keep an eye on is the relatively new group of children's toothpastes. The category, which observers estimate accounts for less than 10% of toothpaste sales, is populated with brand names such as Zoo Collection, Looney Tunes and Muppet toothpaste from Oral B Research. The top contenders for share, though, are Procter & Gamble's mint flavored Crest Super Cool and Beecham's Aqua Fresh for Kids, a less-abrasive, tutti-frutti flavored version of its adult line.

Gum disease has done well by the mouthwash category too. Plaque and tartar, quite frankly, have given this category a new lease on life. "Certainly in the past year, I'd characterize it as explosive," states Lynne Millheiser, senior product manager at Warner-Lambert Co., marketer of Listerine and Listermint. She claims that the November-December '87 sales figures show 16% growth for the category, which she says has about 17 nationally marketed brands. She thinks that the

twelve-month figures will also show double-digit growth.

And things only stand to improve, as more marketing pitches touch on oral health and the notion that a rinse can reach places a toothbrush can't. "The growth is in the therapeutic area," says Millheiser. "While breath [freshening mouthwashes] are almost like the price of entry into the market," she explains, a marketer will need to develop more health-oriented products to really be a player. Some think the category could approach sales of $800 million by 1990.

Pumps' popularity, initially very strong, has slowed to a sales growth-rate of about 2% a year.

The interesting twist to this market's story is that it was two relatively small companies that blazed the anti-plaque and tartar-control trail. In 1983, Vipont Laboratories launched a new oral rinse called Viadent. Then in 1986, Oral Research Laboratories went national with Plax. Though the two anti-plaque rinses still have relatively small market shares, they've created enough consumer interest to attract the attention of the market giants.

Colgate-Palmolive launched Colgate Tartar Control rinse in 1987 and, according to one analyst, already has an impressive market share of over 5%. But — surprise, surprise — it faces stiff competition from Procter & Gamble, possibly in the form of two brands. P&G rolled out Crest Tartar Control nationally last September. P&G has been marketing a prescription anti-plaque wash called Peridex since 1986. It could easily be modified for the over-the-counter market and puts the company in a good position to launch another strong contender.

As a result of this new good-for-you emphasis on the part of some brands, the mouthwash industry is experiencing a marketing schism. Some brands are pitched as being "therapeutic" — Listerine, for example — and some are still considered largely "cosmetic," such as Scope. But since the vast majority of people still use mouthwash to perfume their breath, some brands try to straddle the cosmetic/therapeutic fence by promising a healthier mouth *and* fresher breath.

TOOTHPASTE

Crest

Toothpaste sales account for more purchases (46%) of oral-hygiene products than anything else, according to Packaged Facts. Procter & Gamble's Crest has sunk it choppers into a big 40% share of that market, an impressive spot to be in for a brand that as recently as 1985 was seeing sales decline.

Crest has dominated this market since it first won the right to stamp the American Dental Association (ADA) seal of approval as a cavity-fighter on its cartons in 1960. By the mid-70s, its share had vaulted to the 40% range. While there hadn't been a lot of innovation in the category during those intervening years, Crest was slow to adapt to the new ideas like the pump dispenser and gel formulation that soon proved popular. By the late '70s, its share began to hemorrhage, and by 1985, arch-rival Colgate trailed Crest's 29.5% share by a mere 1.5%.

Shocked into action, P&G rolled out a pump version of Crest, a gel version *and* Crest Tartar Control in 1985. The pump and gel launches were catch-up moves, and they did their bit to boost Crest's sagging share.

But the real lift came from the national launch of its tartar-control Crest. It was indeed a roll-out of Procter & Gamble proportions. The giant marketer spent $50 million on a sampling campaign to 70 million homes and, according to industry estimates, around $40 million on advertising.

In 1986, P&G spent over $31 million on media buys for its Crest lines, according to Leading National Advertisers (LNA). For the first nine months of 1987, that total came to nearly $28 million to reach the brand's target: college-educated people, often parents themselves, with incomes of $30,000-plus. Not surprisingly, the bulk of that went toward its regular and gel tartar-control products. Most of that budget went to network-television ads, with spot ranking second, that hailed Crest as "the dentists' choice for fighting tartar." Crest didn't buy any radio or outdoor exposure — not unusual for toothpaste in general — and only a small amount of cable ad time. The paste's agency is D'Arcy Masius Benton & Bowles.

Like many other brands, Crest is heavily promoted in stores and with insert and direct-mail coupons. Last year, however, Procter & Gamble took a fairly unusual approach in a promotion. The company telephoned 10,000 consumers and offered them the chance to win $25 apiece — all they had to do was answer "Crest" when asked which toothpaste is "the dentists' choice."

Crest also cut a swath through a fairly large selection of magazines. In one manifestation or other, the brand was advertised in *American Health, Better Homes and Gardens, Parents, People, TV Guide, Modern Maturity, New York Times Magazine* and *Working Woman*, to name a few.

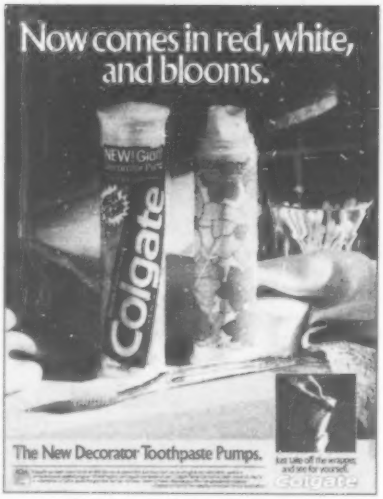
Crest is not shy about tying its claims to the dentist's chair.

Colgate

A couple of years ago, Colgate almost succeeded in overtaking Crest in the share game but was thwarted by eleventh-hour product introductions at P&G. It's an odd spot to be in for the company that is the world leader in toothpaste sales, with a 33% share, according to analyst Segalas.

Despite the funny, award-winning ad depicting workers building a huge wall of tartar in a giant mouth, Colgate Tartar Control didn't blast off à la Crest when it was introduced in September 1986. The brand's overall share still lingers in the 23% range. But Colgate's latest advertising shows it to be fighting mad. A battle of the tartar-control titans has taken shape.

Last April, Colgate began an ad campaign from Young & Rubicam that proclaimed its tartar-control formula to be up to 4.5 times better than Crest's at controlling tartar, according to studies. Though the two brands use identical anti-tartar agents, Colgate says its product has an extra ingredient that keep those compounds in the mouth longer. Colgate also blasted Chesebrough-Pond Co.'s Aim and Close-Up brands in separate ads. Colgate maintains there is no proof either toothpaste inhibits the accumulation of plaque and tartar.



Even the dispensers are open to line extensions.

According to one industry study, Colgate users tend to skew slightly older than Crest's, and like its rival, it is used almost equally by men and women. Spending against this brand topped $23 million in 1986, according to LNA. Spending through September in 1987 was $23.6 million, the majority going to network television buys.

Currently, Colgate is running some ads in women's service books promoting a line extension of a line ex-

Colgate almost toppled Crest a few years ago, but P&G beat them back with a barrage of new products.

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MARKETING & MEDIA DECISIONS
Those who make them, read us.

The fun stripes have given way to health claims in the Aqua-fresh pitch.

tension, "the new decorator toothpaste pumps," which are floral patterned. In 1987, Colgate ran print ads in books including *Family Circle, Health, Forbes, People* and *Modern Maturity*. One of its more eye-catching ads ran in *Reader's Digest* and was designed to look like an advice column on dental care.

Aqua-fresh

Beecham Group's Aqua-fresh has been through such different incarnations, it's hard to keep the brand's image clear. Not too long ago, this toothpaste's stripes were ballyhooed in its advertising, making it seem like a sort of kid's toothpaste for adults. And last year, Aqua-fresh was repositioned as a plaque-fighting brand.

But Beecham has held onto its third-place position in this tight market for some time, its share currently in the 11-12% range. "The brand is quite vital right now," says Maurice Kelley, vice president of marketing services at Beecham. One reason the brand stays strong: "We promote virtually every month." Despite the category's maturity, he explains, toothpaste is extremely "promotion sensitive," due to the high rate of repeat buying.

Studies show that while people do form toothpaste-brand loyalties, they are willing to swing among two or three brands, depending on price. Aqua-fresh promotions include coupons — both direct mail and newspaper inserts — trial-size tubes for under 50¢ and two-for-one sales on regular tubes. Kelley says the brand will be promoted in conjunction with other companies' products in the future.

With its repositioning, Aqua-fresh went to a new "case history" style ad campaign from Grey Advertising last year. The brand's main target audience is mothers with teens and younger kids, so the ads feature teenagers and talk about how even someone with no cavities can develop gum disease.

Even though the brand has been repositioned, the pitch straddles the cosmetic/therapeutic fence, says Kelley. "We have the ADA seal for fluoride, but we also have the stripes, which make us unique and put us more in the cosmetic category," he explains.

Ninety percent of Aqua-fresh's budget goes for network tv, cable and syndicated shows, he says. Spending for the toothpaste in 1986 totaled just over $8 million, according to LNA. That was boosted to the $12 million level for the first nine months of 1987. But, as Kelley points out, that missing last quarter is the peak one, because new shows debut. The brand does little print advertising, but he says the company may reassess its use of print in

". . .and that's McNulty.
He thought he could cover Orange County
with an L.A. newspaper."

The Orange County Register reaches 58% more daily readers in Orange County than the L.A. Times.
(Scarborough's 1987 Newspaper Ratings Study)

THE ORANGE COUNTY Register
METROGROUP

The leading medium in Southern California's richest market. Represented by CWO&O

the near future.

Beecham does its own national broadcast buying. Tv advertising for Aqua-fresh cuts across the board and includes shows such as *Dolly Parton, Dynasty, Head of the Class, Jeopardy, Geraldo* and daytime soaps. Some spots even appear occasionally on NFL football games, because another Beecham product, Aqua Velva, is pushed heavily during those telecasts.

Aim and Close-Up

Last June, when Unilever NV folded Lever Brothers' health and beauty aids brands into recently acquired Chesebrough Pond, its Aim and Close-Up brands went along as part of the arrangement.

But the organizational shift didn't seem to affect the roll-out last year of three new line extensions: Extra-Strength Aim, Anti-Tartar Aim and Close-Up Tartar Control. It also didn't seem to stop Aim, in its Extra-Strength ads via SSC&B:Lintas Worldwide, from going on the offensive against Crest and Colgate. Launched last spring, the ads claim Extra-Strength Aim has 50% more fluoride than most dentifrices and specifically attacks the market leaders.

This new Aim was primarily advertised on network tv in daytime and prime-time slots. It also received a healthy amount of print support. Some of the titles used include: *Family Circle, Parents, People, TV Guide* and *Working Mother*. Aim Regular print buys, the company says, target women 18-49 years old. Ad dollars were in the $6 million range for the first nine months of last year, according to LNA.

Aim and Close-Up entries keep up with the times.

New Anti-Tartar Aim, which bills itself as both a tartar-control and cavity-fighting paste, is largely supported with print advertising targeting women 25-54 years old. Spending came in at under $1 million for the January through September 1987 period, according to LNA, for ads that pushed Anti-Tartar Aim as both a cavity fighter and tartar tamer. Print buys included *American Health, Better Homes and Gardens, Family Circle, McCall's, Reader's Digest* and *Woman's Day*.

The entire line of Aim toothpastes, including the gel, received about $9 million in the first three quarters of '87. In 1986, the gel received the bulk of ad support, coming in at $9.5 million for the year. The brand is currently ranked fourth in the market with a 7% share.

Chesebrough's Close-Up brand is a close fifth, with a 6% to 6.5% share, according to industry observers. While Aim's market skews to mothers with young children (for use by both), Close-Up's market tends to be younger, averaging in their early 20s, single and not as highly educated.

Most of the big toothpaste brands have consumers in a range of demographic niches. Close-Up's may be a bit more skewed, though, because its pitch is still fairly narrow. Despite the fact that recent ads from J. Walter Thompson warn "Tartar isn't sexy," they still stress the cosmetic benefits the paste yields: "Want love? Get Close-Up."

Unilever spent $7 million on the Close-Up brand in 1986, compared to $8 million through the month of September in '87. Most of that went to network-television buys, but print expenditures ranked second. In line with the brand's demographics, print buys have included *Cosmopolitan, People, Rolling Stone, Soap Opera Digest, The Star* and *TV Guide*.

MOUTHWASH

Listerine

Listerine, Warner-Lambert's 107-year-old brand, didn't start out as a mouthwash per se but as a general-use antiseptic. The brand was named for Dr. Joseph Lister, father of modern antiseptic surgery, and was found to work well on cuts and burns. The consumer was welcome to rinse his mouth out with it too.

Listerine is in close competition with P&G's Scope, but Warner-Lambert sees the trends falling its way.

Presently, it's in close competition with P&G's Scope. Listerine dominates the market with a 28% share, with Scope trailing it by only two or three share points. But, boasts Lynne Millheiser, senior product manager, "1988 will probably be one of its strongest periods ever."

Quite possibly she's right. Last June, the brand earned the industry's Oscar: the coveted American Dental Association Seal of Acceptance as an anti-plaque aid. Listerine is the first mouthwash to earn the title, and it should prove to be a sharp marketing tool. "It's a breakthrough position," explains Millheiser, "and we intend to heavily promote that."

Listerine tends to cover a wide consumer base but has shown more strength in the middle-to-older age range. Millheiser says the brand is beginning to capture a younger audience, however, with all the talk of gingivitis. "We're giving them a reason to bear with the Listerine taste," she chuckles, referring to the "mediciney" tang other advertisers mock.

With its ADA coup, the company

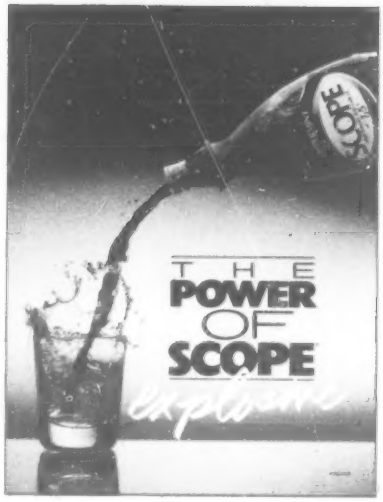
launched what will be a 16-month "education effort" for both consumers and dentists. It ran advertorials in consumer books and, for dentists, ads in trade journals, conducted a telemarketing campaign and showed up at dental conventions. In early March, says Millheiser, a new general advertising campaign began picking up on the anti-plaque theme the company's been with since 1983 but newly emphasizing the ADA seal.

In 1987, Warner-Lambert spent between $15 million and $17 million on the brand, she says, and "there will be a substantial increase" in 1988. Listerine is pitched primarily on tv in daytime, news and prime-time slots. Spanish-language tv also is used. Practically no print ads were used last year, though one did run in *Good Housekeeping*. Some ad dollars went to radio spots, where the brand pitches mostly to black consumers. The account is with J. Walter Thompson.

Scope

Though Procter & Gamble has pushed the Crest brand name into the mouthwash arena, Scope is its juggernaut in this industry. Early in '87, the company launched a peppermint Scope, a move that revived interest and expanded its share slightly.

According to Mediamark Research, one quarter of the mouthwash users account for over half the volume sold.



Scope targets older users and is most popular in Southern states.

Heavy users in general tend to be in their 60s, not college educated and earning less than $10,000 per year, according to Packaged Facts. In addition, many live in the South and are black and tend to live alone.

With a consumer base similar to that, Scope targets older people and is popular in Southern states. In 1986, the brand received $15.3 million in ad support, according to LNA, 64% of which went to network-tv buys. For the first nine months of '87, the brand received $13.7 million in ad support.

Scope's advertising, handled by D'Arcy Masius Benton & Bowles, pitches it as a cosmetic rinse and dwells on the product's taste. Scope also ran print ads in *American Health, Good Housekeeping, Newsweek, People, Reader's Digest, TV Guide* and *Woman's Day* in 1987. As of this writing, new print and broadcast campaigns are expected from the agency.

Listermint

The battle for share in the lower echelon of contenders is very tight. Currently, Warner-Lambert's Listermint

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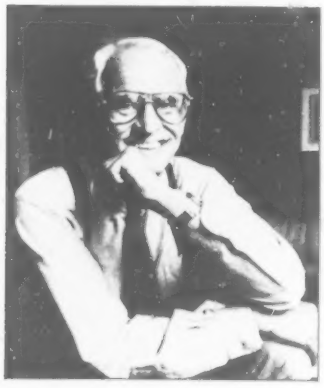

Harry Myers
Senior Vice President, Publisher
SCIENTIFIC AMERICAN

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MARKETING & MEDIA
DECISIONS
Those who make them, read us.

Listermint "straddles" cosmetic and health claims.

brand, introduced nationally in 1976, holds a market share of 10%.

"Despite all the therapeutic emphasis in marketing, probably 80% of people buying washes use them for their breath," says W-L's Lynne Millheiser. "It's still a breath battleground."

This is where Listermint comes in. Warner-Lambert, like most large mouthwash marketers, isn't about to kiss off the cosmetically inclined consumer. Pitched along more cosmetic lines than Listerine, the company nevertheless considers its positioning "a straddle," because it pushes the product's fluoride content. Aside from stressing fresh breath, Listermint's advertising takes a therapeutic turn when it talks about how a person's gums recede as they age, exposing a tooth's roots to host of problems. The agency is J. Walter Thompson.

The brand was supported with $7.9 million in advertising in 1987. Most of that was spent on television, a bit on radio and none on print. Millheiser says the brand will receive a minor boost in dollars in 1988. The target market is young adults, evenly divided male/female.

Signal

Signal, marketed by Chesebrough-Pond, holds a market share in the 7% range. Though the brand is currently doing little advertising, according to a spokeswoman, expenditures for the first three quarters of 1987 totaled $3.3 million. Signal's agency is BBDO Worldwide.

One market study shows the biggest portion of Signal's market are young, single college-educated women.

Act

"We don't consider Act to be a mouthwash," says a spokeswoman for Johnson & Johnson's Dental Care Co. division. "We think of it as a fluoridated, anti-cavity dental rinse." While that's quite a mouthful, it certainly makes it plain that J&J is pushing Act as a therapeutic product.

But at a time when everyone is jumping on the anti-plaque/tartar bandwagon, J&J is adamant that it does not want to be seen as making any such claim. It uses fluoride in its product to fight cavities — period. Echoing the sentiments of many dental-health ex-

Support America's colleges. Because college is more than a place where young people are preparing for their future. It's where *America* is preparing for *its* future.

If our country's going to get smarter, stronger — and more competitive — our colleges and universities simply must become a national priority.

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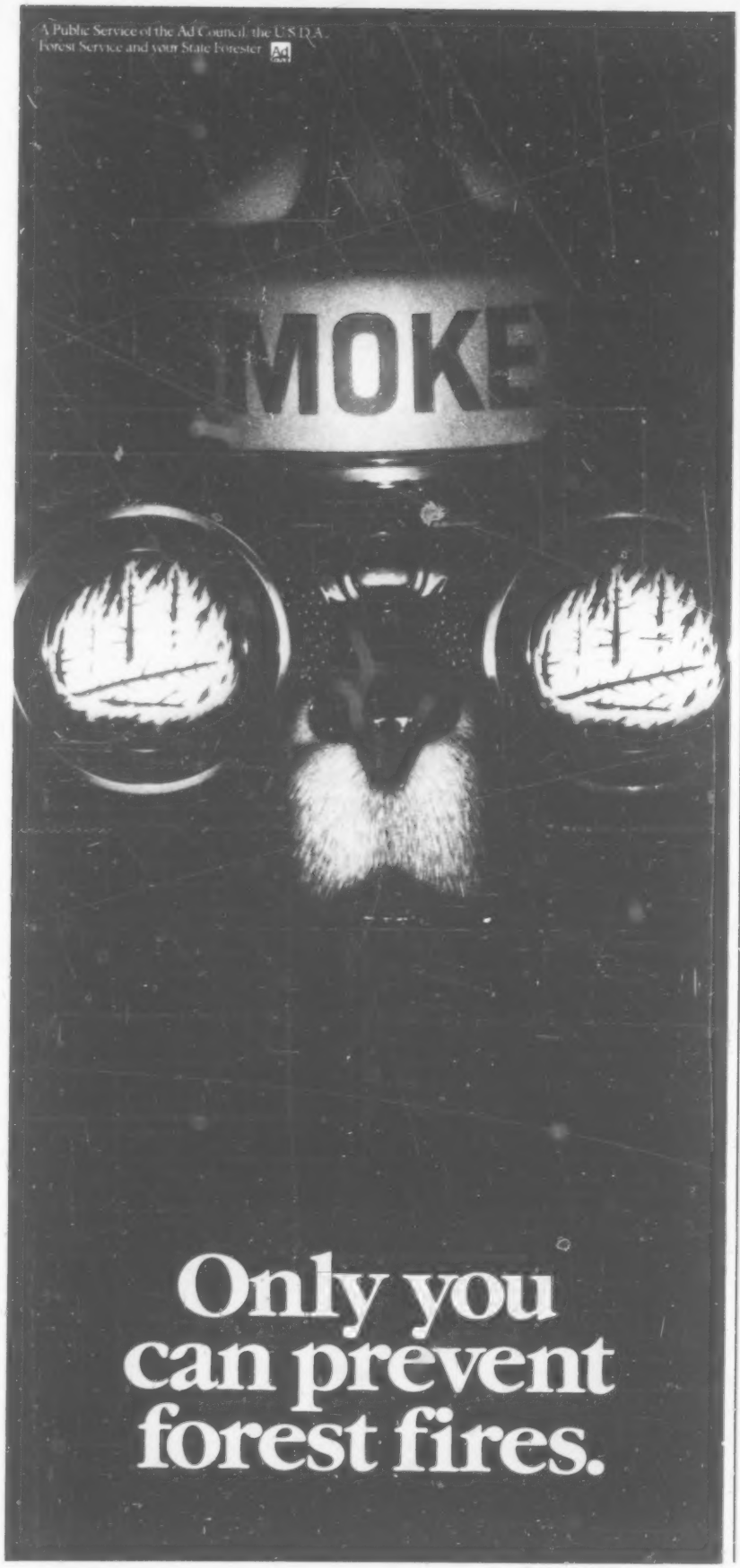
So help America keep its competitive edge with a gift to the college of your choice — and you'll know you've done your part.

Give to the college of your choice.

Ad Council

CFM

J&J's Act is not about to make questionable claims.


A Public Service of the Ad Council, the U.S.D.A. Forest Service and your State Forester
MOKE
Only you can prevent forest fires.

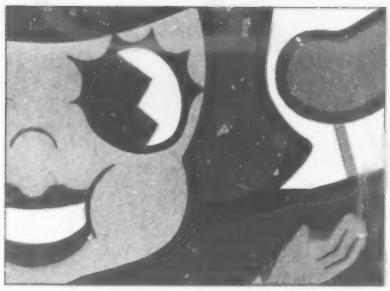
Act focuses its pitch on one theme: cavity prevention.

perts, J&J says studies prove only a "preventative tool," like flossing, can control plaque and tartar. "Just swishing something around in your mouth isn't going to work," explains J&J's spokeswoman.

Act, on the market since 1982, is close to Signal in market share. Its advertising targets kids and adults and highlights studies that show using Act reduces cavities 40% more than just brushing your teeth. It also focuses on Act's packaging gimmick, the "squeeze meter."

The company, which LNA says spent $3.1 million against the brand in January through September 1987, recently gave the Act account to Cadwell Davis Partners. The bulk of its '87 media dollars went to network television.

Since 1986, the company has had a very aggressive promotion and public-relations program. For example, J&J sponsors Dental Health Month, a big annual event in the oral-hygiene-products industry. It also sponsors National Senior Smile Week, during which it encourages pharmacists to push J&J's dental products to their older customers. The company also promotes to children around Halloween. Schools receive trick-or-treat bags filled with product samples and coupons, and in some locations, dental-health professionals come in to give lectures. ■

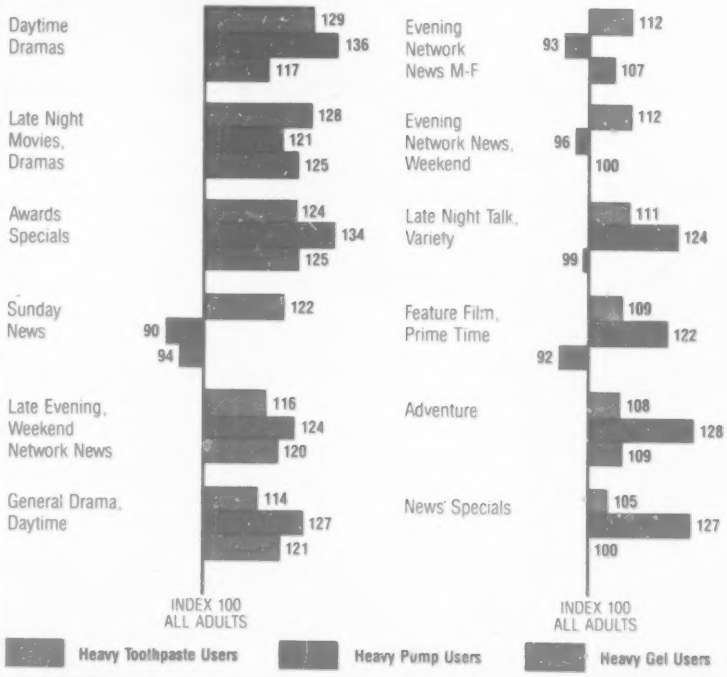


BRAND REPORT INDEX

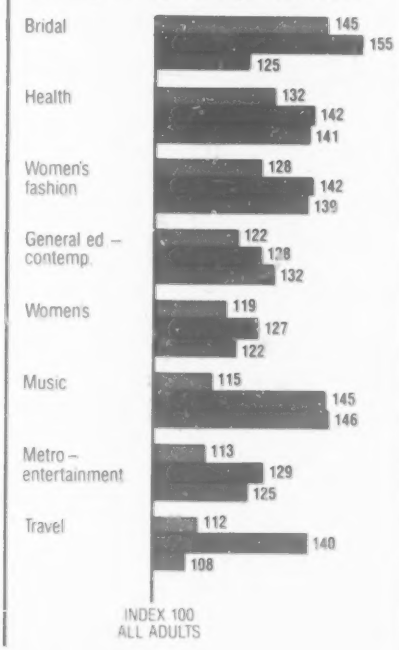
TOOTHPASTE & MOUTHWASH

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

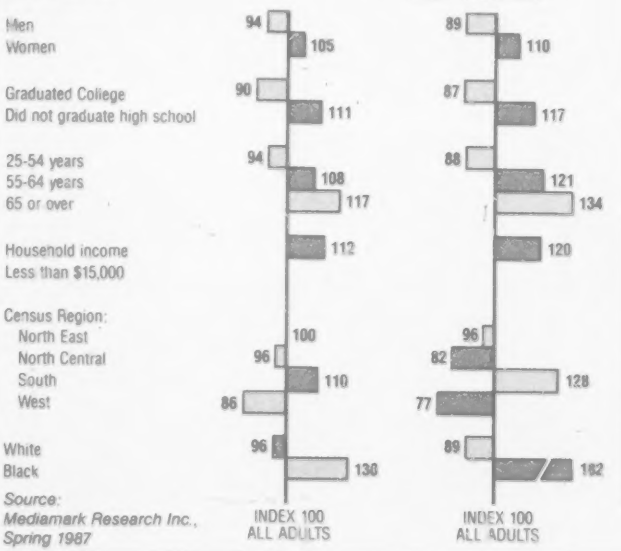
TV PROGRAMS WATCHED
Among Heavy Toothpaste Users



MAGAZINE TYPES READ
Among Heavy Toothpaste Users

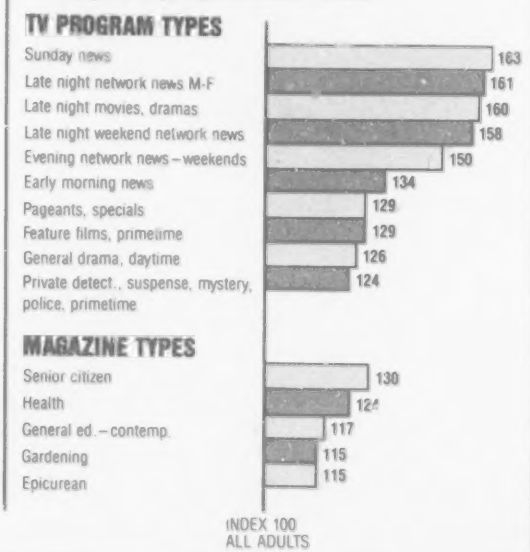


KEY DEMOGRAPHICS: MOUTHWASH USERS



Source: Mediamark Research Inc., Spring 1987

TV PROGRAM TYPES AND MAGAZINE TYPES
Among Heavy Mouthwash Users



TOOLS OF THE TRADE

by Wally Wood

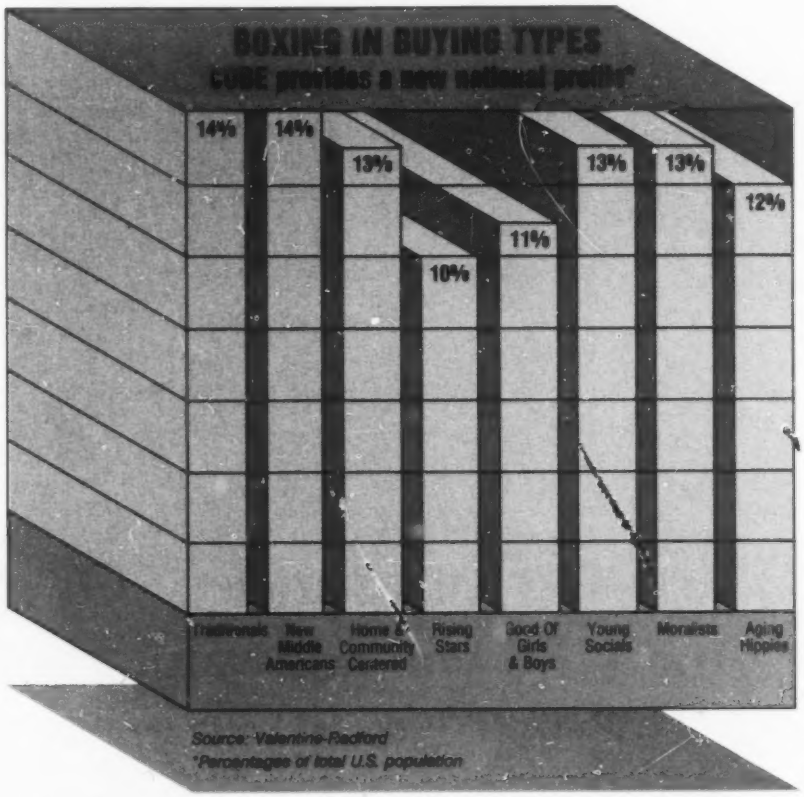
VALENTINE-RADFORD'S CUBE CONCEPT

"You can't just lump all 25-to-49 year-olds into one group," says Jim Merrill, research manager at Kansas City-based research firm Valentine-Radford, when weighing the value of demographic measures.

"Geodemographics may be better," Merrill admits, "but you also can't just lump two 41-year-old college graduates with managerial/professional jobs into one group simply because they happen to live next to each other."

Merrill thinks he has a better idea. Ten years ago, when he was a doctoral candidate, he began looking at the way people made decisions as a basis for segmenting population. "Early in our childhood development, we all find ways to solve problems," he says. "We get comfortable making decisions in a certain way. These habits stay the same, whether we are buying a home or box of cereal, shopping for an accountant or a health-insurance plan."

With this as a base, Merrill's theories now have been put to work. Susan Spaulding, vice president, research director at Valentine-Radford, explains that her firm has taken Merrill's concept and packaged it under the name CUBE — Comprehensive Understanding of Buyer Environments.



Under CUBE, the population is segmented into eight groups identified by Merrill in his studies. To determine these groups, Merrill relied on what he sees as the three key dimensions to how people make decisions:

How people control their circumstances. Either they take control or they yield control. "Take-control" people create their own rules; they actively look for better solutions to problems. "Yield-control" people follow the rules that exist; they depend on the environment to tell them what is appropriate.

How people act. "Act-first" people prefer to jump in, make a decision and worry about the consequences later. "Think-first" people tend to solve problems independently, exploring different possibilities before making a decision.

How people judge information. "Fact-based" people are objective thinkers; they judge information on what they can see, feel and touch, and they are very concrete and businesslike in the way they use information. "Feeling-based" people judge information on how it makes them feel. They tend to see things as good or bad, happy or sad, beautiful or ugly.

These resulting six variables led to eight distinct consumer segments with individual profiles.

Traditionals (yield-control, act-first, fact-based) are, according to Spaulding, down-to-earth, practical, conventional and sociable. Compared with other groups, they are somewhat older, have lower education and income, attend church often, give or go to dinner parties and play cards. More people in this group than in others watch televised sports; they also prefer "golden oldie" and big-band music.

The New Middle-Americans (take-control, act-first, fact-based) are very sociable, achievement-oriented and concerned with living standards. Compared with the other groups, they are somewhat younger and better educated, with higher family incomes and fewer children. They give and go to parties, fly on business trips, like light rock and oldies from the 1960s.

Home- and Community-Centereds (yield-control, think-first, fact-based) are conventional, prim, proper and not gregarious. This group is somewhat

older and better educated than some, has higher income, more males and a higher percentage of widowed and divorced people. They rank low on most out-of-home activities except golf.

Rising Stars (take-control, think-first, fact-based) are intellectually curious but not socially gregarious; they are socially conscious, have the highest income and education and the most professionals, entrepreneurs, males, singles and blacks. They attend museums, galleries and concerts, use the library and read books, and they exercise. This group is more inclined than others to watch public television and listen to classical music.

Good Ol' Girls and Boys (yield-control, act-first, feeling-based) are practical, down-to-earth, no-nonsense and sociable, yet cynical. The group has children in school, consists of many blue-collar employees, retired persons and women. Members also write the most letters and send the most greeting cards. They do volunteer work and gardening, watch soap operas and game shows and listen to country-and-western music.

Young Socials (take-control, act-first, feeling-based) are outgoing, warm, intuitive, have low self-control — if it feels good, do it — and tend to be younger and less completely educated than other groups. They have higher family incomes, and there are more females, health/social workers and secretaries in this group. They attend the most fitness classes and club meetings, go to rock concerts and listen to hard rock.

Moralists (yield-control, think-first, feeling-based) are older than others, have less education and lower income. They do the most gardening and do-it-yourself work, and they attend church, watch religious programs on tv and listen to religious music.

Aging Hippies (take-control, think-first, feeling-based) are sensitive, fanciful, unrealistic and imaginative. They are somewhat younger and better educated, with diverse occupations; they exercise most often, read the most books, visit galleries and museums, watch public tv and listen to jazz and folk music.

Spaulding says CUBE uses an ongoing, nationally representative sample of 2,000 adults, 18 years and older, to define these segments. The survey results are projectable to the U.S. population, with a measurement error of no more than 2.2% at the 95% confidence level. The CUBE segments range from 10% to 15% of national population; measured by product usage, however, a given segment might represent more or less. "One of the ways to use CUBE is to prioritize that primary audience," says Spaulding, "and then look at the secondary audience and develop a product that will increase usage among these people."

While most of the CUBE research has focused on consumer behavior, Spaulding feels the concept has b-to-b potential when applied to the person within a company who has buying authority.

Blue Cross and Blue Shield of Kansas City has commissioned Valentine-Radford to conduct a CUBE survey to identify new health-insurance markets. "It will help us determine not only how consumers make purchasing decisions," says Christine Hille, director of corporate communications at Blue Cross, "but also how satisfied they are with their insurance coverage, including options offered by employers."

Hille hopes CUBE will help Blue Cross and Blue Shield become more efficient marketers by showing the effect of its advertising on consumers and by pinpointing purchasing patterns, media preferences and market segments.

Spaulding says that if an advertiser researches a product category — all the different brands' usage, satisfaction levels and consumer attitudes behind their brand choices — he will see his product's strengths and weaknesses, as well as those of his competitors. "You ought to be able to see pretty quickly opportunities in terms of where you might fill in gaps or take offensive or defensive measures," she says.

CUBE costs $20,000 a year, for which a marketer receives three reports and a promise that Valentine-Radford won't sell CUBE to a close competitor in the category. The reports include a segmentation report (psychological profiles of the eight segments, activities, media usage, demographic and geographic distribution); a product and brand usage report (the level of usage and brand usage in the subscriber's product category as well as differences among the segments); and an outlook report (general social and economic attitudes with an eye on what you might expect for the coming year — plus who's watching the new fall tv shows).

While most of the CUBE research has focused on consumer behavior, Spaulding believes that CUBE may be relevant to business-to-business marketing. "We're getting ready to do a custom CUBE for one of our clients right now," says Spaulding. "Their particular prospect is a business person — a finance manager or benefits manager or operations manager — someone within a company. We intend to profile those people, because they make their purchasing decisions the same way they do in their personal lives."

Or that's the assumption. Says Spaulding of this latest theory, "That's what we're testing."

ECONOMIC EYE

TV'S AUTO DOLLARS

TvB and BAR report new car and truck tv-ad investments added up to $2.45 billion in 1987, a 17.7% increase over 1986. Spot took top honors with $1.14 billion, +24.8%; net was $932.5 million, +13.0%; and local dealers kicked in $371.4 million, +9.6%, in the top 75 markets.

MAGAZINE AD SCORECARD

	Ad Pages Feb. 1988	% change from Feb. 1987	Dollars spent (000)	% change from Feb. 1987
1. Skin Care, Creams, Lotions and Oils	216.85	+14.8%	$ 8,017.7	+24.8%
2. Lip and Eye Beauty Products	99.01	+34.6	3,803.9	+53.4
3. Scents and Fragrances	74.00	−21.0	2,021.1	−3.1
4. Facial Makeup Products	100.24	+30.6	3,581.4	+27.6
5. Prepared Dinners and Entrees (including Pizza)	53.89	−6.5	3,524.1	+21.6
6. Liquor	209.79	−6.6	10,007.8	+15.0
7. Cigarettes	513.23	−14.7	29,692.0	−1.1
8. Soaps and Detergents	34.74	+55.9	2,238.0	+60.5
9. Passenger Cars, Domestic	600.24	+62.2	37,227.6	+79.8
10. Passenger Cars, Imported	690.71	+68.5	29,945.4	+57.3

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

1985 = 100

1987

	May	% change	June	% change	July	% change	Aug.	% change	Sept.	% change	Oct.	% change	Nov.	% change	Dec.	% change
Network TV																
Daytime	92	−6	95	−1	98	−5	85	−11	83	−11	97	−6	91	−8	82	−4
Nighttime	110	+6	112	+3	109	+2	113	+5	106	−0	110	+6	115	+8	111	+2
Spot TV																
Prime time	136	+14	130	+9	138	+10	126	+4	124	+18	123	+3	123	+6	123	+6
Daytime	118	+8	104	−1	108	−4	117	+7	102	+3	112	+2	113	+2	105	±0
Network radio	116	+2	114	−1	102	−0	104	−1	106	+2	122	+6	112	+6	106	+6
Spot radio	98	+3	←	→	←	→	103	+5*	←	→	←	→	112	+9	←	→
Consumer magazines	109	+3	109	+3	109	+3	109	+3	109	+3	109	+3	111	+4	113	+5
Natl. Sunday mags	103	+11	103	+7	103	+7	113	+7	118	+14	106	+12	106*	+12	106	+12
Business publications	111	+5	111	+5	111	+5	111	+5	111	+4	112	+5	113	+5	113	+5
Newspapers	116	+8	116	+7	115	+7	115	+7	115	+7	115	+6	115	+6	116	+7
Outdoor	114	+6	114	+6	114	+6	114	+6	114	+6	118	+12	118	+12	118	+12

Notes: Percentage shown is relative change from the same month/period the year before.
1985 = 100
* Revised

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.